SHADOW NETWORKS:

BORDER ECONOMIES, INFORMAL MARKETS, AND ORGANIZED CRIME IN VLADIVOSTOK AND THE RUSSIAN FAR EAST

A

Thesis

Presented to the Faculty

of the University of Alaska Fairbanks

in Partial Fulfillment of the Requirements

for the Degree of

DOCTOR OF PHILOSOPHY

By

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Fairbanks, Alaska

December 2006

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Abstract

The breakdown of the Soviet Union has led to fundamental changes in Russia. New cultural and economic practices emerged out of the fragments of the collapsed state. Exploring economic activities in the Russian Far East at street markets and border crossings, the thesis focuses on new informal economic practices and non-regulated commercial organizations and seeks to understand the emerging roles of entrepreneurs, organized crime, and the state in post-Soviet Russia. The informal, the non-state, the illegal, and the gray in contemporary Russia are the subject of this thesis. Questions at the center of the inquiry are: What are shadow networks, how are they structured, and how is their social reality to be described? Based on anthropological fieldwork in the Russian Far East, especially in the port city of Vladivostok, the thesis focuses on large open-air markets, on so-called shuttle traders, mostly ethnic Russians crossing the Russian-Chinese border on a regular basis to import cheap goods for local markets, and on different organized crime groups, which evolved during the transition in the Far East. The underlying theme of the dissertation is the question of what the elements of stability in times of rapid economic and social change are. Different forms of shadow economies have been established in post-Soviet Russia during the last decade and the border between legality and illegality has become increasingly blurred. Moving beyond the established legal/illegal dichotomy to distinguish different forms of parallel economies, the thesis presents an alternative way to differentiate the various forms of shadow economies. Based on the analysis of social networks and focusing on different qualities of relational ties, the thesis proposes a methodological and theoretical apparatus to understand the mechanics and dynamics of informal economic networks more thoroughly.

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Chapter 1 – Introduction: Reading the urban space

For two hours I walked the streets in solitude. Never again have I seen them so. From every gate a flame darted; each cornerstone sprayed sparks, and every tram came toward me like a fire engine

Walter Benjamin

1.1 Svetlanskaia

From the window of my apartment you can see the end of the Golden Horn Bay where freight cranes rake their skeletal arms into the sky and old trawlers are moored at rusty quays. This part of the harbor remains in unnatural immobility. Nowadays, the formerly prospering wharf *Dalzavod* employs only a fraction of its previous workforce. The fires in the forges have died years ago and the impressive brick smokestacks, which mark the end of the bay like lighthouses, have cooled down. A ship heaved in dry dock has been lying there for months now, with no observable changes on its battered hull. The steel barriers of the dock enclose the ship like coffin walls.

The calmness of the harbor stands in contrast to the buzzing of the street. Svetlanskaia Street is the central artery of Vladivostok. An endless stream of vehicles presses every day through the narrow space between the bay and the steep hillsides. The geographic proximity to the Japanese used-car market has tumbled the city into a transportation chaos. Too many Japanese vehicles roam the small roads, which were built for times when it was a privilege to have a car. During rush hour, in the morning and early evening, the double-lane road is jammed with traffic and the old streetcars have to find a laborious way through the turmoil. Their heavy pounding on the asphalt regularly triggers the alarms of the parked cars. The rhythmic thumping of streetcars, the whining of car engines, and the buzzing sound of alarm systems merges to a roaring sound carpet.

Against this background, the old Soviet streetcars look like somnambulistic behemoths, lost in the undertow of modern mobility. Their drivers are almost exclusively women. Sundays they wear heavy lipstick, pearl necklaces and extravagant hats. Through the dirty windshields of the streetcars the drivers seem like apparitions from a different time.

Unimpressed by the humming of the traffic artery, an old woman cares for the flowers in a small bed between my house and the street. She cares affectionately for the awakening green every day, watering the plants with the help of an old Coca-Cola bottle. Her back is crooked, her love of flowers unbroken. Time has engraved itself in the faces of the city's old dwellers. Sometimes an old woman tries to cross the heavily frequented street. Her face and eyes show a mixture of bewilderment and repulsion. The bodies and faces are bearers of history, unlike the housing facades along the streets that are subject to constant change. Only a week ago, a sign was still hanging above the little grocery shop around the corner from my apartment. *Moloko*, milk, advertised the blue neon letters. Since then, Chinese construction workers stripped and whitewashed the interior and the shop stands empty now. A red-and-white tent in front of the shop serves as a provisional sales booth. Coca-Cola is written in big letters on the side. At the corner, close to the bus stop, pensioners sell pickles, berries and potted plants. At night, street hookers take over.

The city's public transportation buses are made in South Korea. The interior is covered with Korean billboards. Comic strips explain the benefits of clean shirts in the sweaty world of commuters. Russian pop fills the inside with viscous melodies as the bus driver skillfully avoids the large potholes in the road's surface and slowly advances with jerky movements through the dense traffic. Sometimes it is faster to walk along Svetlanskaia. It is hot and sultry inside the bus. The passengers are huddled close together. An old man has sunk on his seat under the weight of alcohol. His empty beer bottle rolls under the seats, seemingly unnoticed by the fellow passengers.

Art nouveau buildings line up along the street, one after the other. A sign of modernity, engraved in the facades at the beginning of the last century, a modern dream in pastel colors. Vladivostok's turn-of-the-century architecture is a wild mélange of

different styles: Classic Ionian columns mix with curved Asiatic gable and window forms, house fronts are crowned with little gothic towers, and exterior brick walls are ornamented with baroque baubles.

First, the Russian Central Bank and then the headquarters of the Pacific Border Guard glide by the bus window. Part of the duties of the young recruits on watch is to maintain the flower beds in front of the entrance portal. On the other side of the road, a monument for the Far Eastern Merchant Marine rises out of a small park. The merchant fleet had suffered many casualties through submarine attacks during the Second World War. The bronze sculpture looks towards the harbor basin of the Golden Horn Bay. Three sailors are grouped around a cannon. On the bridge of the sinking ship the captain gives his last orders. An eternal flame burns for the ones lost at sea. Their names are engraved in brass plates. Gravestones remember each of the sunken ships, 24 in total. During military holidays carnations are placed on the plates, always in even numbers.

Young students board at the bus stop "*Universitet.*" The open door lets fresh air into the congested space of the bus, and the driver turns up the volume of the music. His hands are blackened from the coins that pass daily through his hands. He swings the bus back into the traffic. Inside, it is stuffy again.

The Svetlanskaia has changed tremendously in the course of the last years, almost like it attained a new face. Perfumeries, barber shops, jewelers, travel agencies, apparel stores, European fashion, kitchen furniture, super markets, banks, internet cafés, restaurants, and night clubs – Svetlanskaia Street is the pulsating economic nervous center of Vladivostok. Freshly renovated facades gleam in bright pastel colors above the streaming mass of people that stroll on the boardwalks. Only a year ago, construction teams from North Korea had cobbled the boardwalks. Back then, high heels punctured the sand; nowadays, they glide effortlessly over the new surface. Colorful signs and billboards hang above the new shop windows. Slightly reflective, the shop windows have a peculiar quality: They focus the view on the commodities on display and at the same time allow the passer-by to see his or her own image mirrored in the glass. Bodies stage

themselves on the city's reflecting surfaces and fashion mirrors itself in the display cases. Svetlanskaia Street is theater stage and consumer space at the same time.

However not everybody keeps up with the new pace of the urban beat. There are the bodies that were left behind: war veterans, pensioners, the unemployed, and the homeless. From time to time, their shadows break into the bright mirror world of consumption. A beggar lies sunk down on the boardwalk. Blood flows out of his nose. Without stopping for help, the passers-by evade him. An old woman crouches on the concrete flight of steps of an underpass. Her small hands are folded in prayer above a wooden icon on her lap. Her gaze is lowered, and all she sees are the legs of the hustling passers-by; one after the other, in endless repetition.

The breakdown of the Soviet Union has led to fundamental changes in Russia. New cultural and economic practices emerged out of the fragments of the collapsed state. Formerly state controlled sectors of the economy faded into the shadows of a new, post-Soviet economy. Powerful, wealthy individuals, business associations, and their political partners took control over banking institutions, large industries and natural resource extraction. For Russia, the 1990s was a decade of informal and illegal marketeering on all levels of society, on a large scale. During these years, the Russian state partially lost its monopoly on violence and taxation. Complex networks evolved in the gray zone of monopolization, asset stripping, shady export schemes, political patronage, and organized crime. This process ran vertically through the country's political and economic life. Spheres of informality grew and expanded in the Russian Federation on all levels: from high finance in Moscow to the backstreet vendors in Vladivostok.

Privatization of the economy and the rearrangement of state power have produced pragmatic adaptations to new on-the-ground local realities. The transition period has evoked creative economic and social answers to commodity shortages, new forms of labor migration and institutional weaknesses in the new political system. This dissertation focuses on new informal economic practices and non-regulated commercial organizations and networks. Exploring economic activities in the Russian Far East at

street markets and border crossings, I seek to understand the emerging roles of entrepreneurs, organized crime, and the state in post-Soviet Russia. The informal, the non-stately, the illegal, and the gray in contemporary Russia are the subject of this thesis.

The non-formal has its own peculiar structures. Similar to its legal and state controlled counterparts, informality and illegality form networks of mutual aid and cooperation. Questions at the center of my inquiry are: What are shadow networks, how are they structured, and how is their social reality to be described? The thesis tries to understand the social and economic fabric of three different types of informal economic networks.

The relative success and the abundance of non-formal economic networks in the former Soviet Union and their demonstrated ability in establishing short-term, yet profitable economic operations raises the question of why these networks partially replaced state regulated counterparts. The informal economic networks, or shadow networks, show highly dynamic features and have gone through rapid changes in the last years. Tracing their evolution(s), documenting how they evolved and subsequently changed, addresses the very nature of social and economic response mechanisms to rapid cultural change.

What factors shaped those networks? To answer this question I want to expand an economic explanation, which sees informal structures as a direct result of the economic transition period after the breakdown of the Soviet Union, by questioning further how far locality played a role in forming the specific structures of informal networks. Or framed in a slightly different way: What roles do (urban) space and (border) locality play in the formation of shadow networks?

Post-Soviet labor migration and border porosity have created new informal networks. The Russian Far East is a borderland in multiple ways. The geographic vicinity to China, Korea and Japan, exposes the region to a variety of influences, commodities and people alike. Labor migration from the successor states of the Soviet Union, especially from Central Asia, and the porous border to China added in the last years to the multi-ethnic mosaic of the region's urban centers. To gauge these influences on the

formation of informal networks, I want to address and explore the peculiar geographic exposure of this borderland and the role locality played in giving those networks their unique characteristics. Shadow networks have a specific history and geography that ties them to a physical space. To see how different shadow networks strategically use (urban) space to their (economic) advantage adds to this understanding. My thesis follows along the lines of an economic anthropology conscious of the role of border space and locality. I will gradually develop the ideas of bazaar ecology, ethno-economic niches, borderland economy, and the geography of informal networks. The fast changing social and economic environment in post-Soviet Russia demands for a processual view on social phenomena. Therefore, a special focus will be placed on the intrinsic dynamics of the observed informal networks. To address the dynamics, flexibilities and adaptabilities of shadow networks it is important to develop a diachronic view, thus showing in what way flexible social and economic ties are able to react efficiently to rapid cultural change.

To answer these questions in an adequate and thorough way I develop a detailed and bottom-up perspective to analyze three informal economies, each constituting different networks. Based on anthropological fieldwork in the Russian Far East, especially in the port city of Vladivostok, the thesis focuses on large open-air markets, on so-called shuttle traders, mostly ethnic Russians crossing the Russian-Chinese border on a regular basis to import cheap goods for local markets, and on different organized crime groups, which evolved during the transition in the Far East. To explore and to cast some light into the shadows I have chosen three different, yet compatible approaches. The first is essentially a social network approach that looks at the different qualities of relationship ties, which underscore the specific networks. To see the different shades of gray, to differentiate various informal networks not only according to their economic specifications, I will focus on the specific qualities of the social ties interconnecting the individual actors. This is at the same time a search for the social glue and lubricant of informal relationships. The second approach focuses on the economy of informal networks. Following classical Marxist economic theory it asks questions of the economic base of those networks and the formative role economic incentives played in shaping its structure. Yet, these

networks are not mere reactions to new economic realities. While being influenced they shape and organize at the same time their economic base, effect and cause at once. With the third approach I try to grasp the spatial dimension of informality answering the question of how a specific space and locality influence and form those networks. Together, these approaches will constitute an anthropology of economic spaces exploring niche networks in transition in the gray area of informality.

The underlying theme of the dissertation is the question of what the elements of stability in times of rapid economic and social change are. The main goal is to draw attention to various forms of informal networks that represent powerful organizational strategies in an economically as well as politically fluid environment. Different forms of shadow economies have been established in post-Soviet Russia during the last decade and the border between legality and illegality has become increasingly blurred. Moving beyond the established legal/illegal dichotomy to distinguish different forms of parallel economies, I present an alternative way to differentiate the various forms of shadow economies. Based on the analysis of social networks and focusing on different qualities of relational ties, I propose a methodological and theoretical apparatus to understand the mechanics and dynamics of informal economic networks more thoroughly. My fieldwork in the underbelly of market transformations in Vladivostok and the Russian Far East has revealed the complexity and dynamics of informal economic structures. Thus the dissertation provides new answers to the repeatedly posed question: who is strong when the state is weak?

1.2 Understanding the shadow

Central to my research as well as to this doctoral thesis is the notion of the shadow. The shadow delineates the gray zone of informal economic practices, which is the dissertation's central topic. As every physical shadow, it depends on a light source and an

object that casts the shadow. I see the informal economic practices I describe in the following chapters as social and economic structures in the shadow of the Russian state. Yet diverse angles of light produce various lengths and intensities of the shadow, which further result in different shades of gray. The different perspectives I apply to shadow economies represent in the dissertation the varying angles of light.

My central argument follows closely Carolyn Nordstrom's observations and analyses of shadow networks. Nordstrom applies the term "shadow" to a range of different networks that she describes in the context of her anthropological fieldwork in West African war zones.[1] To capture their underlying qualities, which usually defy a simple black and white categorization, Nordstrom uses the term 'shadow' (rather than criminal or illegal), "as the transactions defining these networks are not confined solely to criminal, illicit or illegal activities – but they do take place outside formal state institutions"[2] In a similar manner, I make use of the term's multivocality to capture a variety of different informal economic practices outside of state control that defy the simple categorization of the legal or illegal. According to Nordstrom, shadow networks are peculiar organizational forms that are (1) more formalized and integrated than black markets, (2) crosscutting international and ethnic boundaries, (3) a compilation of political, economic and sociocultural forms, (4) set in the frameworks of 'shadow states', and (5) central, instead of marginal to the world's economies.[3] These core features of the shadow are equally underlying the economic networks, which constitute the topic of this dissertation. In addition, her approach to render the shadow visible in the context of the everyday inspired me to apply her method and theory to the Russian Far East.

Different theoretical models have tried to describe the contours of shadow economies from various perspectives. Ideological, legal, and economic definitions are attempts at separation and compartmentalization. In these models, clear categories divide the legal from the illegal, and subcategories of illegality define the different

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[1] Carolyn Nordstrom, *Shadows of War: Violence, power, and international profiteering in the twentieth-first century* (Berkeley: University of California Press, 2004).
[2] Carolyn Nordstrom, "Shadows and Sovereigns," *Theory, Culture & Society* 17, 4 (2000), 35.
[3] Ibid., 37.

compartments of underground economies. I seek not so much to distinguish, but rather focus on the social ties that underlie different shadow economies. In addition, informal economies are fluid entities that can incorporate different forms of legal and illegal conduct on several levels. Most of the shadow economies at the center of my inquiry fluctuate between zones of legality and illegality. Moving beyond legal/illegal dichotomies I want to expand the approaches to shadow economies by focusing on social relationships and networks that underlie those informal economic structures. By describing several distinct shadow economies in the Russian Far East, I attempt to bring different shades of gray into the shadow. Interested in the social reality of illegality, my question is not so much about dividing the shadow, but to explore the social glue underscoring it. Thus I pose here a double layered question: What is the difference between various shadow economies and what do they have in common?

In the following chapters I try to untangle the complex relationships between commodity flows, individual actors, and social and economic networks. The physical locality of those networks in a borderland plays hereby an important role. Thus, my aim is to understand more thoroughly the interconnections of commodities, people and networks in the borderland of the Russian Far East. Although qualitatively and quantitatively different from each other, I subsume different informal economic forms under the term shadow economies. The reason for choosing diverse economic activities is to come to a general understanding of the role of the shadow economy in contemporary Russia. But what elements constitute a shadow economy? The following pages address this question and bring some light into the shadows of post-Soviet informal economies.

Commodities and people are intertwined in complex social networks that are organized on different principles. These networks, which cross borders and involve a range of actors on different levels, are difficult to categorize, partially due to their elusive nature. The shadow networks not only cross national borders, they also transcend categorical boundaries. The examples showed how blurred the boundary between legality and illegality actually can be. Shadow economies can run through all levels of society,

integrating small-scale entrepreneurs on open-air markets as well as businessmen that are part of the political elite. Illegal goods can be layered in legal commodity flows, as the cases of smuggling and cross-border trade illustrate.

Different forms of shadow economies have been established in post-Soviet Russia during the last decade and the border between legality and illegality has become increasingly blurred and mobile. Moving beyond the established legal/illegal dichotomy used to distinguish different forms of parallel economies, I present here an alternative way to look at the various forms of shadow economies. Based on the structure of the underlying social networks and focusing on different qualities of relationship ties, I propose here a theoretical approach to understand the mechanics and dynamics of informal economic networks more thoroughly.

Informal economies have been labeled as gray, underground, colored, shadow, or second economies, depending on the definitional criteria used to separate them from a formal economy. The diversity of the labels reflects not only different theoretical approaches, but also testify to the heterogeneity of informal economies, which can incorporate a variety of economic activities that can range from the unreported income from self-employment to the clandestine trade in illegal commodities. Economic, judicial, and ideological definitions of informal economies have to be distinguished. For instance, a generally accepted economic definition of the shadow economy is: "All economic activities that contribute to the officially calculated (or observed) gross national product but are currently unregistered."[4] I will not discuss here in detail the differing definitions applied world-wide to various shadow economies, but rather stay focused on the Russian case. The informal economy in Russia has a long history that dates back in its modern form to Soviet times. Gregory Grossman has defined in his prominent article the Soviet Union's informal economic sector in a legal framework: "[...] the second economy comprises all production and exchange activities that fulfills at least one of the following tests: (a) being directly for private gain; (b) being in some

[4] Friedrich Schneider and Dominik H. Enste, "Shadow Economies: Size, causes, consequences," *Journal of Economic Literature* 38, 1 (2000), 78.

significant respect in knowing contravention of existing law."[5] Other authors, for instance Maria Los, have adapted a more ideological definition: "The second economy includes all areas of economic activity which are officially viewed as being inconsistent with the ideologically sanctioned dominant mode of economic organization."[6]

Further attempts have been made to distinguish different contours of the shadow economy. For instance, Friedrich Schneider and Dominik Enste divide the underground economy in four sectors: (1) household sector, (2) informal sector, (3) irregular sector, and (4) criminal sector.[7] The four categories are based on a differentiation between production and distribution and output of goods or services. The first two represent self-sufficient economies, the two others are part of the shadow economy. In another approach, Louise Shelley distinguished between the legal second economy and the illegal second economy in the Soviet Union.[8] The legal second economy includes, for example, the sale of agricultural products that are raised on private plots or products for sale from private manufacturing. The illegal second economy, on the other hand, is subdivided by Shelley into two different realms, an internal and parallel sector. Embezzlement and diversion within the consumer industry, illegal labor, and corruption are part of the internal illegal economy, which is closely tied to the state economy. Unlicensed production and sales (e.g. bootleggers and speculators) or black markets (for goods in short supplies, or illegal commodities like drugs and contraband) are part of the parallel illegal economy, separated from the structures of the state economy.

Aron Katsenelinboigen went a step further in distinguishing diverse economies of the Soviet Union by establishing a typology of "colored markets."[9] His color coded typology – red, pink, white for legal markets, gray for semi-legal markets, and brown and black for illegal markets – distinguishes different markets according to the degree of

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[5] Gregory Grossman, "The 'Second Economy' of the USSR," *Problems of Communism* 26, 5 (1977), 25.
[6] Maria Los, "Introduction," in *The Second Economy in Marxist States*, ed. Maria Los (Houndmills: Macmillan, 1990, 2.
[7] Friedrich Schneider and Dominik H. Enste, *The Shadow Economy: An internationalsurvey* (Cambridge: Cambridge University Press, 2002), 11.
[8] Louise I. Shelley, "The Second Economy in the Soviet Union," in *The Second Economy in Marxist States*, ed. Maria Los (Houndmills: Macmillan, 1990), 11-26.
[9] Aron Katsenelinboigen, "Colored Markets in the Soviet Union," *Soviet Studies* 29, 1 (1977), 62-85.

legality (legal, semi-legal, and illegal) that characterizes the involved transactions – the nature of the sold commodity, the source of the commodity, and the method of sale. For instance, the gray market of privately rented apartments or dachas in the Soviet Union, was both legal in terms of the offered commodity as well as the source. The only semi-legal aspect of that specific transaction was that the respective income for the tenant was not officially reported, thus tax-free. A brown market, according to Katsenelinboigen, is an informal market that thrives on the scarcity of a certain commodity. Although the commodity itself is legal, the source and the method of sale range from semi-legal to illegal. Black markets show similar characteristics, yet include an illegal wholesale specialist in the transaction, the so-called speculator. This color coding of economic spheres according to different legal dimensions can be exercised on numerous levels and also be applied to the shadow economies of contemporary Russia.

For instance, ethnic traders on open-air markets offer legal commodities from a legal source; only the sale is semi-legal, which would fit into Katsenelinboigen's gray economy category. Poaching and the sale of bio-resources fulfill clearly all the illegal aspects, from the source of the commodity to its sale, thus categorizing it as a black market. Cross-border shuttle trade presents a more complex case in terms of its classification. Although all the transactions are actually legal, shuttle trade is used on a large scale to evade import taxes, thus constituting an illegal act. In addition, shuttle trade can integrate legal (e.g. import of clothes) and illegal (e.g. smuggling of alcohol) conduct in one transportation channel.

It is exactly that conceptual fuzziness and indistinct boundary between legal and illegal conduct, which characterizes many shadow economies. Grossman already pointed to the blurred boundary between legal and illegal economy in his study of the Soviet Union's second economy, and noted the widespread and diverse nature of the second economy in the Soviet Union, which ranged from diverting goods from state factories to illicit trade in illegal imports.[10] Ferdinand Feldbrugge has also pointed to the interdependence of the first and second economy in the Soviet Union and proposed a

[10] Grossman, "The 'Second Economy' of the USSR," 25.

five-point typology based on different degrees of interdependence between first and second economies: (1) largely unconnected; (2) imbalanced competition; (3) balanced competition; (4) parasitic symbiosis; (5) cooperative symbiosis.[11] In addition to the different degrees of interdependence, the second economy of the Soviet Union was characterized by a high degree of stratification. Large-scale underground businessmen, small-scale private businessmen, and small-scale producers all took part on different levels in the second economy.[12]

The point of observation becomes crucial in evaluating shadow economies. From a state perspective shadow economies are subversive and essentially illegal economies. However, seen from "below," from the perspective of the involved actors, things look different. The inside and outside perspectives on shadow economies can vary significantly.[13] Shuttle traders and ethnic entrepreneurs do not see their economic activities as necessarily illegal, despite operating in a gray legal zone. Itty Abraham and Willem van Schendel have addressed this problem by hinting at the distinction between legal and licit, and illegal and illicit respectively:

> We build upon a distinction between what states consider to be legitimate ("legal") and what people involved in transnational networks consider to be legitimate ("licit"). Many transnational movements of people, commodities, and ideas are illegal because they defy the norms and rules of formal political authority, but they are quite acceptable, "licit," in the eyes of participants in these transactions and flows.[14]

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[11] Ferdinand J. Feldbrugge, "Government and Shadow Economy in the Soviet Union," *Soviet Studies* 36, 4 (1984), 531.
[12] Shelley, "The Second Economy in the Soviet Union," 23.
[13] Caroline Humphrey has pointed to the fact that in "Russia, perhaps more than in other countries, people who engage in activities defined by the state as illegal do not necessary define themselves as criminals." See Caroline Humphrey, "Russian Protection Racket and the Appropriation of Law and Order," in *States and Illegal Practices*, ed. J. McC. Heyman (Oxford: Berg: 1999), 199.
[14] Itty Abraham and Willem van Schendel, "Introduction: The making of illicitness," in *Illicit Flows and Criminal Things: States, borders, and the other side of globalization*, eds. Willem van Schendel and Itty Abraham (Bloomington: Indiana University Press, 2005), 4.

Taking the blurred borders between illegality and legality into consideration, I move beyond the legal/illegal dichotomy in my analysis of the informal economic networks. In the following sections I present a social perspective on shadow networks that will address more thoroughly the "intimate economies"[15] that intertwine commodity flows, people, social networks, and the state. My focus lies hereby on the social organization of informality.

The ground of my inquiry into the shadow networks of post-Soviet Russia is not a single site, but rather composed of a multitude of fields. Due to the comparative nature of my dissertation, I pursue along the lines of a multi-sited ethnography and follow herein George Marcus remark that, "[multi-sited ethnography] is an exercise in mapping terrain."[16] Therefore one of my main goals is to chart the land of the shadow in the contemporary Russian Far East. I present different 'maps' of that terrain, which are at the same time a guide through the shadow of post-Soviet informal economic practices. Different locations – open-air markets, a border-crossing to China, and a graveyard – constitute the entrance to this terrain.

Yet these locations present a shifting ground for the observer. James Clifford has poignantly observed that, "ethnographies are now written on a moving earth."[17] Others, stressing rootlessness and alienation, described the predicaments of late capitalism as rhizomic or even schizophrenic.[18] Arjun Appadurai distinguished different streams or flows along which cultural material may be seen to be moving across national

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[15] Ara Wilson uses the term "intimate economies" to emphasize the interlinkages between economic systems and social life. See Ara Wilson, *The Intimate Economies of Bangkok: Tomboys, tycoons, and Avon ladies in the global city* (Berkeley: University of California Press, 2004), 9-11.

[16] Marcus further claims "that an ethnography of a cultural formation in the world system is also an ethnography of the system, and therefore can't be understood only in terms of the conventional single-site mise-en-scène of ethnographic research." See George Marcus, *Ethnography through Thick and Thin* (Princeton: Princeton University Press, 1998), 83.

[17] James Clifford, *The Predicament of Culture: Twentieth-century ethnography, literature, and art* (Cambridge: Harvard University Press, 1988), 23.

[18] Gilles Deleuze and Felix Guattari, A *Thousand Plateaus: Capitalism and schizophrenia* (Minneapolis: University of Minnesota Press, 1987).

boundaries.[19] All of these theoretical approaches try to grasp in different ways overlapping and constantly moving sets of cultural formations, people and commodities alike, which seem to characterize a growing global and transnational culture. Flows of goods and people merge in the shadows of a formal economy; networks form and dissolve, and intertwine with legal and illegal structures. Willem van Schendel and Itty Abraham addressed this fluid condition by encouraging researchers to look for the social embeddedness of these flows:

> We need to approach flows of goods and people as visible manifestations of power configurations that weave in and out of legality, in and out of states, and in and out of individuals' lives, as socially embedded, sometimes long-term processes of production, exchange, consumption, and representation.[20]

How to depict these flows and networks? I borrow in my approach from the method of situational analysis that isolates social phenomena by studying social events in delimited time and space.[21] To capture the nodal points of social phenomena I specifically focus on social condensations in space. The methodological goal is therefore to grasp, that is to freeze in motion, flows of people and commodities alike in order to analyze their configurations. In the words of Clyde Mitchell, my approach consists of, "the intellectual isolation of a set of events from the wider social context in which they occur in order to facilitate a logically coherent analysis of these events."[22] I focus therefore on events that represent condensed forms of social action, events where flows of goods and people surface in a visible form and social and economic networks materialize. For instance, open-air markets represent a condensed social space, where the

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[19] Arjun Appadurai, *Modernity at Large: Cultural dimensions of globalization* (Minneapolis: University of Minnesota Press, 1996).
[20] Willem van Schendel and Itty Abraham, "Introduction," in *Illicit Flows and Criminal Things: States, borders, and the other side of globalization*, eds. W. van Schendel and I. Abraham (Bloomington: Indiana University Press, 2005), 8.
[21] For a detailed description of this approach see, for instance, Alisdair Rogers and Stephen Vertovec, *The Urban Context: Ethnicity, social networks and situational analysis* (Oxford: Berg, 1995).
[22] J. Clyde Mitchell, "Case and Situational Analysis," *Sociological Review* 31 (1983), 187-211.

flow of commodities and people temporarily surface, thus rendering themselves visible to the anthropological observer.

My comparative approach to shadow networks is a methodological trade-off. To allow for a broader perspective I have to sacrifice the ethnographic depth of the individual case studies to a certain degree. I therefore focus mainly on 'expert' informants and their stories. Again, I follow herein Nordstrom's approach in trying to understand the shadow economy(s) through the individual, the personal story: "People walk the shadows, and they tell their stories."[23] In a similar way, the backbone of this dissertation is formed by stories of individual persons, for instance, stories of a spice seller from Uzbekistan on an open-air market in Vladivostok, a cross-border trader shuttling merchandise from China to Russia, and a woman from Komsomolsk-na-Amure who has been part of the 'family' of a famous underworld figure.

In my attempt to understand informal economic networks in contemporary Russia I draw from a variety of sources. I conducted fieldwork in Vladivostok, Komsomolsk-na-Amure, and in several other locations in Primorskii Krai over a total amount of twelve months, a one-month period in 2002 and an eleven-months period in 2004.[24] Observations in street-markets and at border-crossings set the stage for my inquiry. Interviews with market sellers and customers, participants of informal economies, and 'expert' informants fill the stage with characters and content. Sources acquired through archival research comprise the historic background. Research in newspaper archives supplements information on recent events and captures episodes that span the last ten to fifteen years. Each case study draws on its own set of methodologies, outlined in more detail in the respective chapters.

Both in terms of methodology and method of presentation, the dissertation merges different genres. Ethnography, urban geography, investigative journalism, travelogue,

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[23] Nordstrom, *Shadows of War*, 85.

[24] The first period of fieldwork was supported by the Otto Geist Fund of the Museum of the North, University of Alaska. The long-term fieldwork was financed by a Dissertation Fieldwork Grant from the Wenner-Gren Foundation, Grand No. 7095.

and anthropological analysis each contribute to a reading of the urban space of post-Soviet Russia. To convey a sense of the urban experience I introduce each chapter with a vignette. The vignettes are not mere narrative ploys. Besides giving vision, smell, and sound to the ethnographer's field, they intend to convey key aspects of the discussed informal networks. In this approach, I am guided by Walter Benjamin's explorations of the urban experience with the help of *Denkbilder* (thought-images). Benjamin's short cityscapes and urban pen-pictures carry the decisive mark of a journalistic reportage. His urban writings are inhabited by marginal city dwellers and characters from the darker side of city life. Benjamin's language is the language of experience and reflects an extensive exposure to urban life. Categories of modern experience, like "porosity," "threshold," and "shock," appear repeatedly in Benjamin's writings. His style reflects these experiences and has them fundamentally embedded. With his exploration of the modern cityscape he tries to uncover the relationships between architecture, commodities, and experience. Along similar lines, I explore the relationships between space, commodities, and informal social networks in the borderland of the Russian Far East.

My focus on commodity flows has its counterpart in Benjamin's increased awareness of the commodity and its pivotal role in modern urban life. I share here his interest in the minutiae and marginalia of the urban setting. As Graeme Gilloch has pointed out, Benjamin's main themes evolve around, "the fragmentation, commodification, interiorization and marginalization of experience."[25] From the chaos of the Neapolitan street market to the department stores of Paris he shows that the modern city is essentially a site of the commodity. Open-air markets and cross-border trade routes in the Russian Far East are equally commodified spaces.

Central to Benjamin's method is the assumption that a city represents a text that is open to decipherment. Benjamin's city constitutes a monad that contains within it the social totality of modernity.[26] Architecture plays an important role in Benjamin's

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[25] Graeme Gilloch, *Myth and Metropolis: Walter Benjamin and the City* (Cambridge: Polity Press, 1996), 7.
[26] Ibid., 5.

cityscapes. Buildings, streets and other urban features exist as a stage for the urban actor. Details and characteristics of the architectural world are of central importance in Benjamin's urban phenomenology. In his essay "Naples," part travel account, part sociological analysis, the peculiar architecture of Naples represents a key to understanding the lively world of this southern Italian city. The building material itself is a representation of the city's chthonic character:

> As porous as the stone is the architecture. Building and action interpenetrate in the courtyards, arcades and stairways. In everything they preserve the scope to become a theater of new, unforeseen constellations. The stamp of the definitive is avoided.[27]

Benjamin is not just describing a city. The city itself is an object of philosophical reflection. The transitory quality of the modern experience is incorporated in his reflections on the urban environment. Thus, in using Naples as such a background for philosophical reflection Benjamin expresses the transitory character in the spatio-temporal categories of 'porosity' and 'transitivity'. Naples' architecture expresses the temporal ambiguity between construction and ruin. The temporal transition is experienced in transitivity, spatial transition in porosity.[28] Porosity permeates the whole city and represents for Benjamin also a characteristic of the private life of Naples' citizens. The Camorra, Naples domestic Mafia, with its formless power dispersed over the city and suburbs, depicts the same "spectral feature of porosity."[29] The private sphere is porous, permitting the public to enter at certain thresholds. Private space is flooded by community life. Kitchens are placed on the streets, balconies present communication platforms, and courtyards transform into public meeting places: "Buildings are used as a

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[27] Walter Benjamin, *Selected Writings, Volume 1: 1913-1926*, edited by Marcus Bullock and Michael W. Jennings (Cambridge: Harvard University Press, 1996), 416.
[28] Howard Caygill, *Walter Benjamin: The colour of experience* (Routledge: London, 1998), 122.
[29] Benjamin, *Selected Writings, Volume 1*, 414.

popular stage. They are all divided into innumerable, simultaneously animated theaters. Balcony, courtyard, window gateway, staircase, roof are at the same time stage and boxes."[30]

In Naples, the interior opens itself on the street. Benjamin applies a dramaturgical perspective to analyze the city's bustling life. His approach is essentially an attempt at a microsociology of space. More than thirty years later, the sociologist Erving Goffman follows a related approach that focuses on a similar sociological space.[31] Envisioning the city as a theater and society as a stage, Goffmann sets out to explore the microsociology of everyday communication among urban actors.[32] Similar to Benjamin, he draws attention to the differences in dramaturgical performances of actors according to their spatial position in the urban environment.

My method to explore the post-Soviet urban space and its informal networks links to these approaches. A focus on architecture, which includes topographic investigation of street markets, the spatial exploration of a border region, and the reading of a graveyard, incorporates the analysis of urban space, commodities, and social networks. The concept of the borderland underscores hereby the analysis. Border porosity and penetration are formative characteristics that underlie this study.

Benjamin essentialized the urban experience in his account of Naples in the 1920s. Likewise, he used the term "mobilization" as a vehicle for his reflections on Moscow: "The country is mobilized day and night, most of all, of course the party."[33] On first glance the wintry city of 1927 with its street vendors and public life resembles Naples:

> Shoe polish and writing materials, handkerchiefs, doll's sleighs, swings for children, underwear, stuffed birds, clothes-

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[30] Ibid., 417.
[31] Alan Dawe, "The Underworld-view of Erving Goffmann," *British Journal of Sociology* 24 (1973), 246.
[32] Erving Goffmann, *The Presentation of Self in Everyday Life* (Garden City: Doubleday/Anchor Books, 1959).
[33] Walter Benjamin, *One Way Street and Other Writings*, translated by Edmund Japhcott and Kingsley Shorter (London: NBL/Verso, 1979), 186.

> hangers – all this sprawls on the open streets, as if it were not twenty-five degrees below but high Neopolitan summer.[34]

Benjamin's Moscow is the city of the NEP, the New Economic Policy, which allowed for certain private economic initiatives to thwart the chronic food shortages of war communism. Although street trading under the NEP was not legal, it was nevertheless tolerated. Hence, "all this goes on silently; calls like those of every trader in the South are unknown."[35] Again, Benjamin describes a city vibrating with public street life. Street vendors, racing automobiles, kiosks, and blinding streetlights piercing the wintry night create the mosaic of a city in constant motion. Benjamin's urban experience is characterized by "the complete interpenetration of technological and primitive modes of life."[36] He witnesses a fusion of modernity and primitivism, of communist future and peasant past. A similar dissolution of private life as in Naples had happened in Moscow, but under a different pretext. The architectural and social porosity in Moscow is imposed upon the city by the party-state.[37] The spectral feature of the Neapolitan Mafia has its Russian counterpart in the all-permeating presence of the party police. Addressing the unique character of the communist capital and its difference from other European cities he concludes with a prophecy, the year is 1927: "Should the European correlation of power and money penetrate Russia, too, then, perhaps not the country, perhaps not even the Party, but Communism in Russia would be lost."[38]

Mobility and porosity are Benjamin's metaphors for the urban life. Likewise I use these metaphors to address the transitory character of the Russian Far East after the breakdown of the Soviet Union. The city of Vladivostok is hereby of central importance.

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[34] Ibid., 180-81.
[35] Ibid., 181.
[36] Ibid., 190.
[37] Caygill, *Walter Benjamin*, 125.
[38] Benjamin, *One Way Street and Other Writings*, 196.

1.3 The narrative

This dissertation constitutes a walk, to be precise, three different strolls and a historic stride. It is organized around these walks, which in the form of vignettes open up the central chapters. Together, these vignettes introduce a narrative of state erosion, border porosity, and criminal penetration. In the course of this work, three different shadow economies are revealed. The contours and the different shades of the shadow are the topic of this dissertation. To make the invisible visible I read in the urban landscape. Stages of my inquiry into the shadow are spatial nodes, where space, people, and commodities condense – at open-air markets, border crossings, and on a graveyard. The dissertation is an attempt to shine some light into the shadow that engulfed the economic sphere of Post-Soviet Russia by focusing on parallel structures in a time of political and economic transition.

Chapter Two, *Tiger and Bear*, is a particular history of the Russian Far East and focuses on the historic roots of the relation between China and Russia and the peculiar political and economic geography of the Russian Maritime Province, a volatile frontier province carved off a weakened Chinese Empire in the middle of the 19th century. This geopolitical move made the Russian Empire's long harbored dream come true: an (almost) ice-free port at the Pacific coast. The city of Vladivostok was now Russia's gate to the Pacific. Yet Chinese influence was still felt heavily in the region. Especially in the backcountry, in the valleys and taiga of the Sikhote-Alin mountain range, Chinese trading guilds, hierarchically organized in powerful brotherhoods, constituted a state within the state, until the solidification of Soviet rule in the early 1920s. Throughout its history, Vladivostok was a trading hub for the Russian Far East and Siberia. Especially during the Russian Civil War the city was a multinational melting pot and a place of encounter between East and West. After World War II, it was closed to foreigners and foreign shipping. Since the breakdown of the Soviet Union, the port city has opened,

ending Vladivostok's political, economic and cultural isolation, and is gradually becoming again an active player in the international Pacific community.

Chapter Three, *Urban Illegality*, introduces a peculiar economic form characteristic of many urban centers in the former Soviet Union, especially in the Russian Far East. Large-scale open-air markets offering consumer goods of mostly Chinese origin, the so-called "Chinese Markets," represent a direct answer to the severe economic shortages after the breakdown of the Soviet Union. New forms of labor migration and commodity flows emerged and created a space for private entrepreneurial initiatives. These street markets represent heavily contested arenas of spatial interaction, subject to the constant (re-) negotiation of economic space. Systematic mapping and the recording of inventories of several major "Chinese Markets" in Vladivostok present a picture of the spatial layout of these markets, often described as chaotic and anarchic by scholars and locals alike. Yet the spatial groupings of foreign traders and their commodities reveal a highly structured and organized economic sphere, although often on the brink of legality. Interviews with vendors, suppliers, market administrators, and clients complete the picture of a complex and condensed niche economy, where different ethnic groups, occupying marked spatial positions, monopolize whole categories of consumer goods. Family relationships and ethnic ties play an important role in the transactions among ethnic entrepreneurs. These entrepreneurs rely heavily on each other and form enclosed groups according to their ethnicity, thus granting them an economic advantage over the comparatively unorganized Russian traders.

Chapter Four, *Eastern Porosity*, opens the view on larger networks of informal trade and trafficking. The breakdown of the Soviet Union fundamentally changed the border landscapes of Eurasia. On the one hand, new borders were suddenly drawn between the Russian Federation and the newly independent states in Eastern Europe, Central Asia and the Caucasus. On the other hand, the old and strictly controlled border between China and Russia suddenly became porous and permeable for both Chinese and Russians citizens alike. Focusing on the illegal export of bio-resources from Russia to China and on a peculiar form of shuttle trade between the two countries, this chapter explores the

global inter-linkages connecting local markets to larger economic systems and analyzes different forms of border economies. The export of bio-resources (timber, ginseng, deer antlers, tiger products, bear paws, frogs, and sea cucumbers) for the Chinese market constitutes a rising ecological problem for the Russian Far East. At the same time poaching is often the sole cash-economy opportunity available for backcountry residents. Chinese demand has created shadow joint ventures between Russian poachers and Chinese middlemen smuggling the contraband to the neighboring Heilonjang Province. Following Russian tourist traders, the so-called *chelnoki*, to China, this chapter explores the inner workings of business networks under the disguise of tourism. The structural flexibility inherent in this system makes it extremely adaptable to change and for individual actors it represents an opportunity for social and economic upward mobility.

Chapter Five, *The Harder the Rain, the Tighter the Roof*, introduces yet another parallel institution, which forcefully established itself in the post-Soviet political and economic sphere. Organized crime is not a new phenomenon in Russia, its historical roots reaching back to Stalinist times. Yet, recent organized crime in Russia differs significantly, in quality as well as in quantity, from its predecessors. Using the Russian Far East, especially the city of Vladivostok, as a case study, I will sketch the evolution in Russian organized crime during the last fifteen years. In the course of this evolution the traditional underworld has been slowly but thoroughly replaced by a new generation of "violent entrepreneurs". A network-centered approach, tracing interconnections and animosities between various criminal groups through time, shows that quick reactions to new market opportunities and ruthless annihilation of opponents are key for successful entrepreneurship. In addition, powerful political elites have emerged and monopolize whole sectors of the industry (especially the fishing and shipping business).

Chapter Six, *The Social Organization of the Shadow*, presents a theoretical synthesis of the foregoing chapters approaching the pivotal question: why are shadow structures so prevalent and powerful in post-Soviet Russia? Border porosity and the disintegration of the state apparatus after the breakdown of the Soviet Union led to fundamental changes in Vladivostok and the Russian Far East. The influence of transnational flows of goods,

ideas, and people provoked similar fluid answers. Tourist traders, Chinese merchants, Central Asian entrepreneurs, and Russian politicians found small niches in the evolving market economy. Accumulated capital is now reinvested in larger businesses and joint ventures, especially with Chinese partners. Street markets and organized crime have fundamentally changed in the last years. The accumulation of capital and economic consolidation reveal their effect. Street kiosks have moved into newly-build shopping malls and former criminals turned into politicians and businessmen. Ethnic entrepreneurs as well as criminal groups tried to control the emerging market and are now transformed by that same market. Yet economic approaches give only a partial answer. The political vacuum after the breakdown of the Soviet Union led to the privatization and compartmentalization of state powers. In the course of these transformations the state has partially lost its monopoly on violence and taxation. The new shadow structures found fertile ground in a political and economic environment where trust is scarce and fragile. To a certain degree, these structures have replaced the state as a sole guarantor of law and order. Exploring the institutional framework of that environment helps to understand the reasons for the emergence of extra-state networks and coalitions. The analysis of their specific social and political foundations explains their persistence. Personal ties, such as long-term friendships between individual actors, play an important role as foundations of stable shadow networks. The capacity of these networks to adapt efficiently to rapid social and economic change and the ability to engage in symbiotic relationships with state actors and institutions is key to understanding their success. These propositions raise new questions on the fundamentals of social order.

Chapter 2 – Tiger and Bear: A particular history of the Russian Far East

2.1 Coast

It was evident that, sooner or later, with or without the support, or even against the wish of the Russian government, both banks of this river [Amur], a desert now but rich with possibilities, as well as the immense unpopulated stretches of North Manchuria, would be invaded by Russian settlers, just as the shores of the Mississippi were colonized by the Canadian voyageurs.

Peter Kropotkin

Sikhote-Alin, July 1906, Olga Bay. The group had already been traveling since before sunrise, following the narrow horse trail through thick stands of reed onto a low ridgeline covered with alder trees. This late July afternoon brought a warm breeze from the adjacent sea. Like the days before, during the early afternoon anvil shaped clouds had formed along the coast and rolling thunder was slightly audible from further inland where the densely wooded coastal mountain range rose abruptly above tree line. Surrounded by stands of Mongolian oak, alder, and fern thicket the small detachment with their pack horses seemed almost lost in the lush deciduous forest. Yet they were all well versed travelers. Led by the young tsarist officer Vladimir Klavdievich Arsenev, their journey was one of the first systematic expeditions into the mountainous jungle of the Russian Far East. Arsenev's official mission was to conduct scientific and historic research along the Sikhote-Alin Mountain Range and to explore the headwaters of the Ussuri and Iman River and to chart the coast north of St. Olga Bay. Under the direct

orders of the Governor-General Pavel Fedorovich Unterberg, Arsenev equipped and commanded a small expeditionary force composed of three officers, twelve soldiers from the 24th Eastern Siberian Gunner Regiment, six Cossacks from the Ussuri-Cossacks Division, and twenty four pack horses. The group started their journey at the western end of the mountain range in late May 1906. It was a rainy summer.

After almost a month of travel along the Ussuri River valley they had crossed the water shed and had finally descended towards the Pacific, to St. Olga Bay. St. Olga was a small Russian settlement and harbor founded by the crew of a Russian cannon boat, which escaped from a group of British warships during the Crimean war into the fog-shrouded bay.

St. Olga had seen better days. Once a prospering outpost of the Russian Empire, St. Olga was in a stage of decay at the time of the group's arrival. The population had dropped visibly: abandoned houses lined the central road, their windows and doors barred, and the church yard had turned into an overgrown garden. The early settler's dream of establishing a vital seaport with city status never materialized. The declaration of Vladivostok, 300 kilometers to the South, as the principal harbor for Russia's Pacific Fleet and its subsequent rise as Russia's gate to the Pacific in the Far East, had lured many of St. Olga's early settlers away.

The former Chinese settlement at the east end of the bay showed similar signs of abandonment. Large Chinese warehouses still flanked the beach, reminding the travelers of the regional importance of the former trading post. *Chi-myn*, Stony Portal, as the Chinese called this station, was a former trading hub in the Ussuri region. For the Chinese the natural harbor formed by the protected bay was a perfect place to access the rich backcountry of the Sikhote-Alin Mountain Range. Only a decade earlier sable pelts, ginseng, and fresh deer antlers from the Ussuri taiga filled the wooden longhouses along the pebble beach, ready to be loaded on junks for export to a demanding Chinese market. In exchange, goods from mainland China made their way through this trading post to Chinese and native settlements in the remote and wooded valleys of the backcountry.

The Sikhote-Alin Range, also know under its common name as the Far Eastern Urals, divides the Maritime Province into two ecological zones that are shaped by the Asian monsoon system blowing in winter from Siberia and during the summer from the Sea of Japan. Compared to the western slopes that face inland, the eastern, maritime slopes are favored with warmer winters and lush vegetation. Deep ravines and valleys drain the Sikhote-Alin to the East into the Pacific Ocean and to the West into the Ussuri and Amur River. A deciduous forest covers the lower slopes of the mountains – oaks, cottonwoods, birches, alders, and maple and walnut trees. In higher altitudes, Korean cedar and Siberian conifers reach up to alpine tundra. The peculiar climate has created a habitat for rare species of flora and fauna. Ginseng grows wild in the forest and the Siberian tiger, the world's largest cat, lives in the remote parts of the mountains. In the summer, salmon run the rivers and a warm, seasonal summer current along the coast allows for sea cucumbers, scallops, sea urchins and a broad variety of fish.

The trail followed a small ridgeline that demarcated the watershed between the Olga and Vladimirovka River and gave way to a wider track. It had been a small path used by Chinese hunters to commute between St. Olga and St. Valdimir Bay. In 1906, the trail was well used and broad enough to accommodate horse carts. Just a year ago, during the Japanese-Russian war, the Russian cruisers "Izumrud" beached in the shallow Vladimir Bay and the following extraction of equipment from the abandoned wreck to the settlement in St. Olga Bay created this upgraded road. The mesmerizing sound of crickets filled the air while the group found its way through wind torn alders and willows to the sandy beach lined by granite boulders. Chinese reed thatched huts spread along the beach. These were seasonal camps of Chinese fishermen, who came here in the summer to harvest a variety of sea food in the shallow waters of the bay. The remnants of fishing activities were easily visible. As Arsenev's group passed along the beach they encountered large middens of crab hulls and clam shells that pilled high next to the Chinese huts. Long strands of sea cabbage hung from wooden drying rags. It was not their first encounter with the Chinese in the region. Throughout their journey, the group had occasionally come across abandoned camps of Chinese hunters, trappers, and

ginseng collectors. In the valleys, they had encountered Chinese farmers that cultivated wheat and opium poppies on the fertile river floodplains.

Arsenev and his group of fellow travelers were among the first Russians to explore the remote and hardly accessible Sikhote-Alin. Just twenty years earlier, in 1886, the territory east of the Ussuri River and north of the River Amur had been incorporated into the Russian Empire. Back then, Chinese settlers had already settled in and had built small farms and temporary hunting and fishing camps in the valleys and along the coast. Arsenev's mission was to map the mountain range and give a general account of the geography and local population, to chart the terrain and count the resources of the newly acquired Maritime Province.[39]

Arsenev was born in St. Petersburg in 1872. After military schooling he served in Vladivostok's fortress from 1900 to 1906. From 1906 till 1919 he lived in Khabarovsk. 1906 he embarked on his first expedition to the Sikhote-Alin (see Figure 1); two more expeditions, in 1908 and 1910, followed. Arsenev published several detailed descriptions of his journeys, part narrative travelogue, and part ethnographic and geographic depiction. He became most famous for his account that portrayed his travels with Dersu Uzala, a native Udhege hunter and Arsenev's resourceful guide.[40] Besides collecting geographic and historic information on his journey, Arsenev had a second agenda. As the captain of a reconnaissance unit of the Tsarist Army his main goal was to survey the coast for potential landing points of an anticipated Japanese invasion and to evaluate the region for future settlements by Russian colonists.[41]

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[39] As in other colonial endeavors, state building was closely connected to map making, as Michael Taussig has pointed out, "The map was preeminently an emblem of statehood; to make the map was to make the state – in an act that appeared to be one of domesticating the chaos of nature and obtaining some leverage over dense inwardness of local knowledges concerning geography, topography, chorography, flora and fauna." Michael Taussig, *My Cocaine Museum* (Chicago: Chicago University Press, 2004), 198.

[40] Vladimir K. Arsenev, *Po Ussuriskomy kraiiu: Puteshestvie v gornuiu oblast' Sikhote-Alin* (Vladivostok: Knizhnoe Delo, 1921); and Vladimir K. Arsenev, *Dersu Uzala: Iz vospominanii o puteshestvii po Ussuriskomu Kraiiu i 1907 g.* (Vladivostok: Izdatelstvo Svobodnaia Rossiia, 1923). Akira Kurosawa directed and produced the movie *Dersu Uzala* in 1975, which is tightly based on these travel accounts.

[41] Aleksei D. Nesterenko, and Maia M. Kulesh, *Ekonomika Rossiiskogo Dal'nego Vosotka v XX stoletii* (Vladivostok: Izd-vo DVGAEU, 2002), 42.

Figure 1: Vladimir Arsenev's Sikhote-Alin Expedition in 1906

During the mid-nineteenth century, the Russian expansion into the Russian Far East commenced under Nikolai Muravev, the Governor-General of Eastern Siberia from 1847 to 1861. Shortly before, in 1821, Irkutsk had become the first capital of the Russian Far East. From the Siberian city at the southern end of Lake Baikal, the first waves of settlers moved to the East and established trading posts and small settlements along the lower Amur River as early as 1849. Muravev used the pretext of the looming Crimean war with Britain and its allies to get a hold of the Amur.[42] In 1854 and 1855 Muravev sent two expeditionary forces downriver to support the settlements and ports in Kamchatka. The following years saw an increase of settlements along the river, on land which was legally still Chinese territory. Because Russia did not possess any title to the land, Muravev's settlement policy led to an extra-legal situation of the Amur communities. Fortunately for the Governor-General, the Chinese Empire was in a state of disarray. Weakened by the first (1842) and second (1857-58) Opium war, China was unable to defend its territorial integrity at its north-eastern border. Equipped with an armed steam boat, Muravev showed the use of force to the Manchu governor Yi Shan as he anchored in front of the city of Aigun (modern day Heihe, across the River Amur from Blagoveshchensk) and pressed him for concessions. Muravev's cannon boat politics proved to be successful and resulted in the Treaty of Aigun on May 16, 1858 [May 28, Gregorian calendar]. The treaty demarcated clear territorial divisions and provided Russia with exclusive use rights of the territories that were lost to Imperial China at the Treaty of Nerchinsk in 1689. The Treaty of Aigun set the backdrop for Chinese and Russian economic activities in the Amur region for the years to come and clarified the citizen status of the local population. Due to the political and economic importance of the treaty, I cite here in full:

> 1.
> The left bank of the Amur River, starting from the Argun River to the estuary of the Amur River, shall be the property of the Russian State. The right bank, down to the Ussuri River, shall be the property of the Tai-jing

[42] G. Patrick March, *Eastern Destiny: Russia in Asia and the North Pacific* (Westport: Praeger, 1996), 125.

State. Places and lands from the Ussuri River to the sea, until the border between two states is established, shall be owned jointly by the Tai-jing and Russian States. Only ships owned by the Tai-jing and Russian States shall be allowed on the Amur, Sungari and Ussuri Rivers. Ships belonging to any other states are prohibited from taking these rivers. The Manchu people living on the left bank of the Amur River, from the Zeya River southwards to the village of Hormolzin, shall remain for ever at their places of residence under the governance of the Manchu authorities and be protected from abuse by the Russian people

2.

To foster mutual friendship between subjects of the two states those living along the Ussuri, Amur and Sungari Rivers shall be allowed to trade with each other while the governors on both banks shall encourage trade between the two states.

3.

What Muravev, Governor-General by appointment to the Russian State, and Yi Shan, Amur Commander-in-Chief by appointment to the Tai-jing State, have established by common sense shall be effected to the letter and be inviolable for ever. Muravev, Governor-General of the Russian State has written in the Russian and Manchu languages and gave it to Yi Shan, Commander-in-Chief of the Tai-jing State. Yi Shan, Commander-in-Chief of the Tai-jing State, has written it in the Manchu and Mongolian languages and gave it to Muravev, Governor-General of the Russian State. What has been written here shall be made known to frontier people of the two states. The city of Aigun, May 16, 1858. [43]

This document and the Treaty of Beijing, which followed two years later on November 2, 1860 [November 14] and that ratified the territorial expansion of Russia east of the

[43] Cit. in Vladimir Trovimov, *Staryi Vladivostok* (Vladivostok: Utro Rossii, 1992), 20.

Ussuri River, marked the end of a long dispute of Russia's role and expansion in the Far East (see Figure 2). Russia slowly consolidated its power in the Amur and Ussuri region bordering the Chinese Empire. During the 1860s, an increasing amount of Cossack groups and Russian settlers moved into the Amur and Primore Region and soon outnumbered the local indigenous population. [44] However, they were not the first people that advanced into that area. Chinese fishermen and farmers had already founded villages along the coast and in the fertile valleys of the Amur and Ussuri River before Russian sailors discovered the natural harbor of Vladivostok on July 11, 1855.[45] Camps of ginseng-collectors and fugitives were spread in the mountainous forest of the Sikhote-Alin Range. Chinese merchants were strongly involved in trade with the indigenous population, exchanging hunting equipment, food supplies, alcohol, and opium for ginseng, *panty* (antler-in-velvet), and furs (mainly sable).

The opening of China after the Opium wars, and Japan's opening to western trade in the mid-nineteenth century, promised for the Russian Far East a bright commercial future, with the River Amur as its main artery and Nikolaevsk, at the mouth of the river, as its hub.[46] It was a time for dreamers and visionaries. For instance, having the successful colonization of the American West as a role model in mind, the anarchist Peter Kropotkin compared the Cossacks in the Russian Far East with the Canadian voyageurs on the Mississippi.[47] Muravev himself referred to Nikolaevsk as the San Francisco of the Russian Far East, a claim Nikita Khrushchev shall make again in 1954, although this time having another city in mind: Vladivostok the future capital of the Primore region.[48]

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[44] Amurskaia Oblast' (Region) and Primorskii Oblast' were part of the Priamur Governor-Generalship, which in the 19th century encompassed the entire Russian Far East. Primorskii Oblast or short Primore literally means "against the sea," and is commonly translated as Maritime Province. Today, the area of Amurskaia and Primorskii Oblast' includes the administrative regions of Amurskaia Oblast', Evreiskaia A. O., Khabarovskii Krai, and Primorskii Krai.

[45] Lothar Deeg, *Kunst & Albers Wladiwostok: Die Geschichte eines deutschen Handelshauses im russischen Fernen Osten (1864-1924)* (Essen: Klartext-Verlag, 1996), 51.

[46] Mark Bassin, *Imperial Visions: Nationalist imagination and geographic expansion in the Russian Far East, 1840-1865* (Cambridge: Cambridge University Press, 1999), 146.

[47] Pyotr A. Kropotkin, *Memoirs of a Revolutionist* (New York: Dover, 1971), 205.

[48] Bassin, *Imperial Visions*, 170.

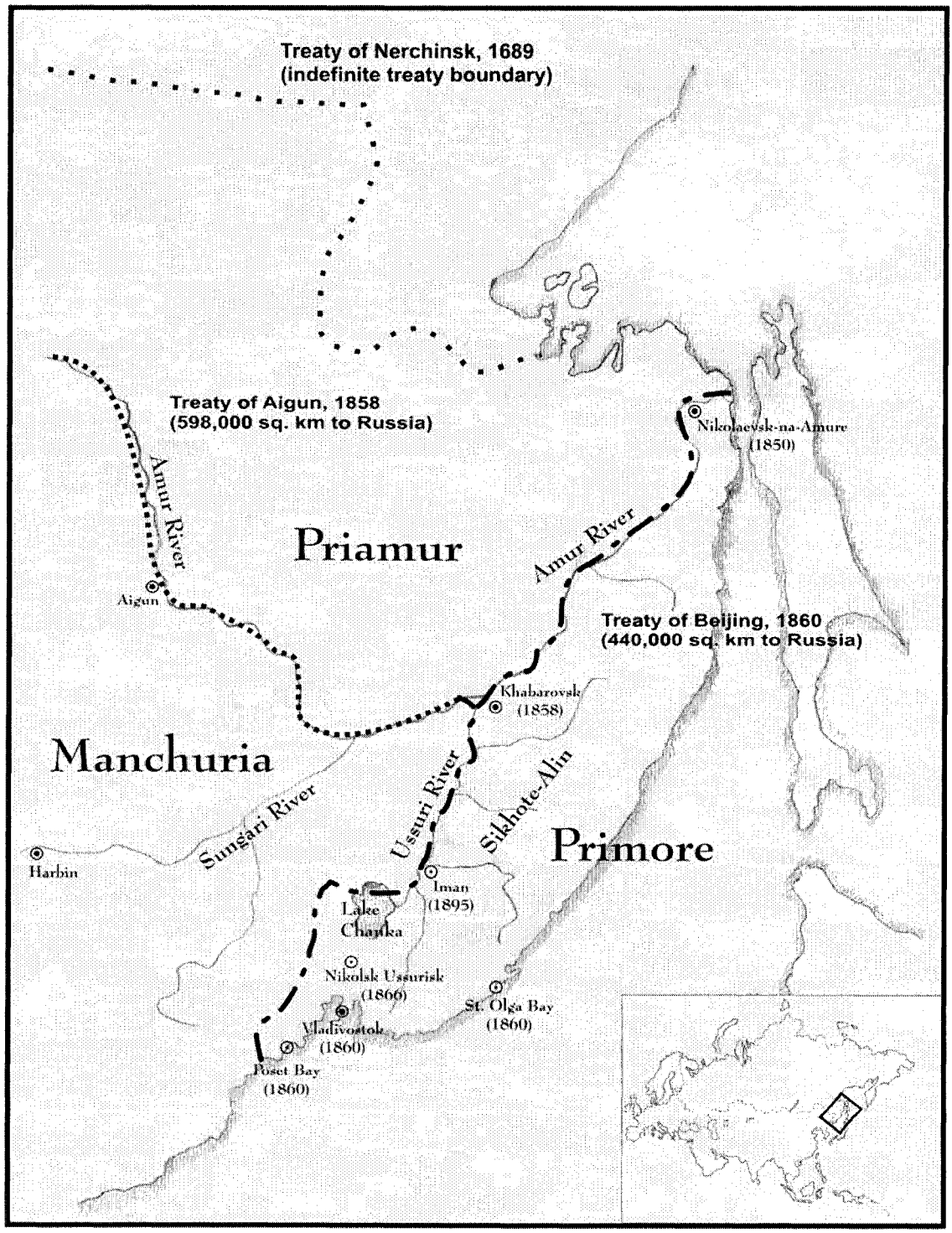

Figure 2: Priamur and Primore regions in the 19th century

At the end of the 19th century, Russia was reinventing itself as a European nation with a civilizing agenda at its eastern border. Russian explorers of the Amur and Ussuri regions saw their colonization efforts as a mission to civilize the indigenous populations and to free them from Chinese influence.[49] Settlement and cohabitation was pared with a civilizing mission. Referring to Korean settlers in the Ussuri River region, the Russian explorer Nikolai Przhevalskii, foresees a cultural mission for the Russian settlers, to transform and regenerate "the stubborn and immobile [...] peoples of the Asiatic East."[50] The Russian Far East was a frontier land, a newly and yet untamed acquisition of the Russian Empire. Russia wants to rule the East, but who is actually ruling this region? The next section enters the shadow of Empire in the taiga of the Sikhote-Alin. It is the beginning of winter, and a lesson about the reality of rule commences.

2.2 Taiga

Between 1911 and 1917 no Russian village in the Ussuri and Priamur region existed without a Chinese trading post.
Vladimir Arsenev

Sikhote-Alin, November 1906, Valley of the Iman. Winter had approached swift and cold. The forest was barren and the ferns blackened by frost. Snow had fallen. Arsenev and his group had boarded a small water craft to float the Iman, a fast flowing river which cuts snakelike through the western slopes of the Sikhote-Alin Range draining into the Ussuri River at the settlement of Iman.[51] On their journey downriver the expedition passed small settlements of native Udeghes, abandoned fish camps, and occasionally

[49] Ibid., 193.
[50] Cit. in Ibid. 196.
[51] On the first Russian maps of the region the *Iman* River is mentioned as *Niman*, the Manchurian word for mountain goat. The Udeghe called the River *Ima*, the Chinese added the suffix – *che* (river) for *Imache*. See Arsenev, *In der Wildnis Ostsibiriens*, 386. Today, the Iman River is called Bolshaia Ussurka, the settlement of Iman is today's Dal'nerechensk.

Chinese outposts. After several days, growing ice on the river had trapped the group's boat and they had to continue their journey on land. The group, traveling through deep snow and low on supplies, finally reached the Chinese settlement of *Sjanschichesa* on November 6. The Chinese were puzzled by the appearance of the small Russian expeditionary force and after some initial confusion the group was finally hosted in the building of a Chinese named *Litankui*, the local *zaitun* (landlord) who controlled the fur trade with the native population in this part of the valley. Arsenev felt uneasy with the boisterous demeanor of the landlord. Despite the *Litankui's* soothing attempts, Arsenev stayed suspicious, and rightly so:

> I woke up during the night after somebody shook my shoulders: I quickly rose and saw Dersu standing next to me. He signaled me to be quiet and told me the following: *Litankui* had offered him money to convince me of another travel route. He did not want us to go to the Udeghes in Wagunbe and planned to give us special guides and porters, which should divert us around the natives' yurts.[52]

The next day, the group continued traveling on their planned route. Steep mountains rose on both sides of the river. Several Chinese farms were spread on large patches of cleared forest along the river, and Arsenev spotted well armored Chinese. According to plan they soon arrived at the native settlement of *Wagunbe.* Immediately, a group of Udeghes approached Arsenev and his men, first with suspicion, and then asking him why he had spend the night in the Chinese landlord's house. After a short conversation, the natives' reaction became clear to Arsenev:

> A whole tragedy was taking its course. The Chinese Litankui was the 'zaitun', the most powerful man and landlord in the Iman Valley. He inhumanely exploited the natives and punished them cruelly if they did not bring in the required numbers of

[52] Vladimir K. Arsenev, *In der Wildnis Ostsibiriens: Forschungsreisen im Ussurigebiet* (Berlin: August Scherl, 1924), 402.

> furs within the time limit assigned. He had ruined many families, raped the women, abducted children and sold them off for money owed to him.[53]

The Chinese landlord had established a system of debt peonage in the valley and extracted fur tribute from the local native population. Some of the Udeghes protested and had sent two emissaries to Khabarovsk to complain at the Governor's office. As a result of their action, they had been severely punished by the landlord who meanwhile had gotten word of their plea for help from the Russian authorities. Arsenev and his small group of Cossacks were helpless. After promising to arrange for a military detachment from the Russian settlement of Iman, Arsenev's group continued its journey through the valley. Cedar trees contrasted in dark green with the snow covered hillsides. At the boundary between deciduous and mixed forest, the group reached the village of *Kartun* at the end of the day:

> The sun had just disappeared behind the horizon, the rays still playing in the clouds, casting a pale light on the landscape. Further away from the river Chinese houses [*fansa*] became visible. They were hidden among the spruce trees, as if to protect them from the eyes of the passing traveler [...] I have nowhere seen richer Chinese houses. They were situated along the right side of the River and in terms of their size looked more like factories then dwellings.[54]

Arsenev counted 43 houses, 575 men, 3 women, and 9 children; Kartun was the largest Chinese settlement along the Iman River. At this point, Arsenev and his group were met with outright suspicion by the Chinese settlers, up to the point where they were denied any form of hospitality. Words of his travel had spread through the valley. Despite traveling on Russian territory, Arsenev could hardly exert any influence as an official representative. The backcountry was Chinese land, as he concluded, "In 1906,

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[53] Ibid., 404.
[54] Ibid., 409-410.

Russian rule was limited to the Ussuri Valley and the coast up to Olga Bay. The rest of the country was under Chinese control."[55]

At the end of the 19th century, the population of the Amur and Primore Region of the Russian Far East was a diverse ethnic mix. Russian settlers, Chinese merchants, Korean farmers, Japanese barbers, Manchurian brigands, and indigenous hunters lived side by side in the river valleys and forested mountains of Russia's maritime frontier. As in other cases during the colonization of Siberia and the Russian Far East, the first Russian settlers to arrive were bands of Cossacks that spearheaded the settlement along the Amur and Ussuri Rivers. The first *kazachestvo* (Cossack collective) was founded in 1859 along the Amur River. Ten years later, in 1869, a second followed along the Ussuri River. Despite their military prowess, the agricultural success of Cossack settlements was rather meager – Chinese and Koreans were frequently employed as field hands and many unsuccessful Cossack settlers turned to brigandage.[56]

Regular migration of Russian peasants came in three waves. The first one, between 1859 and 1882, focused on the Amur region. Attracted by free land allocation approximately 14,000 peasant migrants arrived during that time in the Russian Far East.[57] Isolated from the Russian heartland and plagued by frequent attacks on their settlements by Chinese marauders, the so-called *khunkhusy* (red beards), the early settlers had to defend the newly acquired territory while at the same time starting to farm in an unfamiliar region. The second phase of settlers arrived between 1882 and 1907. This time, newly established transportation corridors allowed for greater numbers of settlers. In 1901 the Chinese Eastern Railroad was completed, and regular maritime transport from Odessa to Vladivostok (in 46 days) was becoming more popular. The latter led to a high percentage (64%) of Ukrainians among the 234,000 peasants who had migrated to the Far East by 1907.[58] The last phase, from 1908 to 1917, brought another 300,000 settlers to the region. This influx of settlers created a vital economic environment. John

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[55] Vladimir K. Arsenev, *Russen und Chinesen in Ostsibirien* (Berlin: August Scherl, 1926), 73.
[56] John J. Stephan, *The Russian Far East: A history* (Stanford: Stanford University Press, 1994), 63.
[57] Ibid., 64.
[58] Ibid., 65.

Stephan argues that the "Priamur was one of the most economically dynamic provinces of Imperial Russia during the last decade of tsarist rule."[59] Russian peasants settled in the fertile floodplains north of Vladivostok and along the Ussuri and Amur Rivers. An exception was the coastal settlement Olga, which was already founded in 1860, but had already declined at the time of Arsenev's visit in 1906.

The Russian Cossacks and peasants advanced into a region, which was moderately occupied by Chinese and Korean settlers who had moved to the Russian Far East several decades earlier. Between 1845 and 1850, the Primore was inhabited only by a sparse Chinese population, some farmers and villagers in the Udehe area, Wei-Hai-Wei (Vladivostok), and Shim-pun (Kotka). Richard Andree, a German traveler who visited the region in 1867, estimated the number of Chinese to be about 1000.[60] That changed. Several push and pull factors led to an increase of Chinese settlers. During the early 1860s, Chinese immigration increased mainly for two reasons: First, the rebellion in Manchuria between 1864-66 led to a rise of Chinese refugees in the region; and second, the steady stream of Russian settlers into the Primore made it increasingly lucrative for Chinese merchants to establish trading posts in Russian settlements. In addition, the construction of the Trans-Siberian Railway in the 1890s and gold mining in the Amur basin attracted manual labor from China.[61] Soon, Chinese agricultural settlements spread along the Zeya and Suifen River valleys and on the Khanka plain. The Treaty of Beijing, which finally settled the border issue between China and Russia, declared that all Chinese in the Ussuri region remained under the jurisdiction of China, thus tributary to the Bogdychan. The political status of the indigenous population remained unclear; nevertheless, Chinese farmers and traders considered them to be subjects of the Chinese

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[59] Ibid., 67.
[60] Richard Andree, *Das Amurgebiet und seine Bedeutung: Reisen in Theilen der Mongolei, den angrenzenden Gegenden Ostsibiriens, nach neusten Berichten, vornehmlich nach Aufzeichnungen von A. Michie, G. Radde, R. Maak u.a.* (Leibzig: O. Spamer, 1867), 219.
[61] Lewis H. Siegelbaum, "Another 'Yellow Peril': Chinese migrants in the Russian Far East and the Russian reaction before 1917," *Modern Asian Studies* 12, 2 (1978), 311.

Empire. The number of Chinese nationals rose rapidly to over 40,000 in the 1890s.[62] Over 90 percent of the Chinese population was male, a sign for relative recent migration and its mostly seasonal character. The aforementioned special political status of Chinese nationals in the Maritime and Priamur provinces led to the creation of several semi-autonomous settlements with a high degree of self-government. Arsenev stated that, "between 1911 and 1917 no Russian village in the Ussuri and Priamur region existed without a Chinese trading post."[63] For the Ussuri region, which included the city of Vladivostok, Khabarovsk, Ussurisk, and Nikolaevsk, Arsenev's demographic calculations of Chinese based on local municipal and police registers counted for the period between 1905 and 1910, 130,000 merchants, 200,000 farm workers, and 15,000 hunters and trappers.[64]

At the end of the 19th century, three different groups of Chinese migrants can be distinguished: merchants, farmers and field hands, and hunters and trappers.[65] Economic activities of Chinese migrants were characterized by a high degree of seasonality in the Ussuri region – farming during the summer months and fur trapping during the fall and winter. At the beginning of fall, sable hunters came in large numbers from Vladivostok, Nikolsk, Khabarovsk, and China to the Ussuri region.[66]

Chinese farmers were referred to as *mansy* (in Chinese *man-zhi*), originally a term for the métise population of Han Chinese and local tribes in southern China, but later applied to settlers in the borderlands of China. The *mansy* did not built compact villages, but rather settled in loose accumulations of individual farms. The Chinese farms, the so-called *fansy* (sing. *fansa*), consisted of a main building made of clay plastered twig walls, with straw or reed roofs and a single wooden chimney. The economic unit was centered

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[62] High mobility of the population and unhindered cross border travel from Manchuria make it difficult to calculate the actual numbers. Yet estimations of Chinese in the Russian Far East show a rapid increase at the end of the 20th century: 6000 (1878), 14500 (1885), 40000 (1890s). See Dieter Landgraf, *Amur, Ussuri, Sachalin (1847-1917)* (Neuried: Hieronymus Verlag, 1989), 506.

[63] Arsenev, *Russen und Chinesen in Ostsibirien*, 178.

[64] Ibid., 58.

[65] V. V. Grave, an official representative of the Russian Foreign Ministry, distinguished three different groups of Chinese on his journey through the Priamur Region in 1910: (1) Merchants, (2) seasonal worker, (2) hunter and gatherer, criminals, and brigands. See V. V. Grave, *Kitaitsy, Koreitsy, i Iapontsy v Priamure* (St. Petersburg: Tipografiia V. O. Kirshbauma, 1912), 27.

[66] Arsenev, *Russen und Chinesen in Ostsibirien*, 55.

on a *zaitun*, who together with partners and workers tended to the surrounding fields.[67] On a seasonal basis and employed for a limited time, groups of migrant workers tilled the fields for particular landlords. The Chinese placed their settlements strategically in the river valleys of the Sikhote-Alin mountains, where fertile soil allowed for profitable agriculture (mainly wheat and opium), and at the same time provided close access to indigenous settlements, which meant proximity to good hunting and fur trapping areas.[68] The storehouses of Chinese fur merchants were normally situated at the confluences of rivers.

Chinese farmers were renowned for being more successful during the early years compared to the Russian colonists foreign to the country.[69] For instance, Wirt Gerrare, a British writer who traveled the region in 1902, noted, "It is the Chinaman above all who stoops the *petite culture* of the spade, and raises vegetables as though his farm were a garden [...] He can raise more on a rood of ground than a Russian farmer will grow on an acre."[70] Chinese farmers supplied the steadily growing settlements of Blagoveshchensk, Khabarovsk, and Vladivostok with produce. The Priamur region was also a major recipient of Chinese agricultural exports, like soy and grain, which were shipped into the region through Vladivostok.[71]

The Ussuri and Amur region presented a borderland of opportunities for a range of different venturers – brigands, ginseng collectors, gold diggers, fugitives, and alcohol smugglers.[72] Brigands from Manchuria, the *khunkhusy*, operated mainly along the coast, yet Russian settlers along the Amur and Ussuri were also frequently targeted by bandits who crossed the border from China.[73] The gold strikes along the Amur and later on the Island of Askhod attracted Chinese gold diggers and smugglers. Between 1890 and 1916,

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[67] Ibid., 59.
[68] Ibid.
[69] Ibid., 60.
[70] Cit. in Siegelbaum, "Another 'Yellow Peril'," 314.
[71] Between 1911 and 1917, Russia imported from China 9 million kilograms of soy and 17 million kilograms of grain. See Elizabeth Wishnik, "Chinese Labour Migrants in the RFE," in *Crossing National Borders: Human migration issues in Northeast Asia*, eds. Tsuneno Akaha and Anna Vassilieva (Tokyo: United Nations University Press, 2005), 70.
[72] Robert H. G. Lee, *The Manchurian Frontier in Ch'ing History* (Cambridge: Harvard University Press, 1970), 79-96.
[73] Arsenev, *Russen und Chinesen in Ostsibirien*, 149.

20 to 40 percent of the annual gold production was smuggled to China, while Cossacks were profiteering as middlemen from the illegal export.[74] The harvest and gathering of plants and animals for culinary and medicinal purposes was another profitable income generating activity for many Chinese seasonal workers. Arsenev estimated the annual number of Chinese ginseng collectors in the Ussuri region to be around 30,000 at the beginning of the 20th century.[75] Along the coast, Chinese *trepang* (sea cucumbers) collectors were also highly active. Arsenev's observations led him to denounce the predatory exploitation of local bio-resources through the Chinese. He described their general attitude in the following words, "Why dig up the ore from underneath the ground, if the great richness is scattered on the surface, where one only has to pick it up."[76]

Koreans, who started to migrate in small groups into the Primore at the beginning of the 1860s, constituted another ethnic group that had an impact on the region. Officially, it was forbidden to leave the Korean Kingdom, but bad harvests, a steady population increase and autocratic repression forced many peasants to flee towards the north into Russian territory. In 1869 heavy rainstorms destroyed a large amount of the Korean harvest, which resulted in the immigration of at least 7000 Koreans alone during that year into the southern Ussuri region.[77] Several Korean settlements were founded in the south of the Maritime Province around Poset Bay, and along the Suifun River northwest of Vladivostok. Crops (millet, beans) were farmed around Poset and kelp was harvested along the coast. Similar to the Chinese farmers, Korean farmers supplied Russian settlements with agricultural products. The Russian government encouraged this early Korean immigration for different reasons. First, the Koreans, often opposed to the Chinese, were seen as a counterbalance to Chinese immigration. Second, selling field crops under the regular price, the Koreans were popular among Russian consumers. And

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[74] Stephan, *The Russian Far East*, 73.
[75] Vladimir K. Arsenev, *Kitaitsy v Ussuriskom Krae* (Khabarovsk: Tipografiia Kantseliarii Priamurskogo General'-Gubernatora, 1914), 123.
[76] Ibid, 121.
[77] Landgraf, *Amur, Ussuri, Sachalin*, 520.

third, they were welcomed as cheap labor.[78] In terms of acquisition of the Russian language and the amount of baptisms among Korean immigrants, Koreans were known for their willingness to assimilate. After 1884, one-quarter had Russian citizenship. Korean immigration into the Primore swelled after the Japanese annexation of Korea in 1910.[79]

Korean migrant workers were organized in brotherhoods of 100-150 people, who as a group entered work contracts and had a common account. They worked mostly as miners, lumberjacks, gold washers, and boatmen. In 1894, ten percent of Primore's population was Korean.[80] Korean communities had a form of local self government, headed by village headmen and elders that guaranteed a certain degree of political autonomy.[81] Yet this self governance raised suspicion among Russian officials. For instance, Military Governor Pavel F. Unterberger (1888-1897), who was also the *ataman* of the Ussuri Cossacks, accused the Koreans of "creating a state within a state."[82]

Prior to the arrival of Chinese, Korean, and Russians, Manchu-Tungus people had settled the river valleys and mountains of the Maritime Region. At the turn of the century, the total indigenous population was approximately around 10,000.[83] Chinese cultural influence on the indigenous groups along the Amur and Ussuri was strongest among the Nanais, with trading links dating back to the 14th century AD.[84] Furs, ginseng and antlers were traded with Chinese textiles, guns, flour, rice, tea, and tobacco. The Nanais lived mostly along the middle Amur, Ussuri, and Sungari Rivers. In addition to fishing, trapping and hunting, the Nanais kept domesticated pigs and hens, and cultivated fields of millet and maize. Less sedentary groups lived in the Sikhote-Alin Mountains. The Orochis were living in the northern part, concentrated around the mouth of the

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[78] Ibid., 519.
[79] According to official statistics the number of Koreans in the Primore region increased from 24.000 (1900) to 64.000 (1914). See Stephan, *The Russian Far East*, 79.
[80] Landgraf, *Amur, Ussuri, Sachalin*, 666.
[81] Ibid., 603.
[82] Stephan, *The Russian Far East*, 79.
[83] The 1926-27 All-Union census recorded 5757 Nanais, 1357 Udeghes, and 405 Orochi. See M. G. Levin and L. P. Potapov, *The Peoples of Siberia* (Chicago, University of Chicago Press, 1964), 694, 737, and 750.
[84] James Forsyth, *History of the Peoples of Siberia: Russia's North Asian Colony 1581-1990* (Cambridge: Cambridge University Press, 1992), 212.

Tunim River. Mostly hunters, the cultivation of gardens and small fields appeared only at the beginning of the 20th century among the Orochis.[85] The southern part of the Sikhote-Alin, from the coast to the Ussuri River, was populated by Udeghes fishing and hunting communities. Fur trapping (mostly sable and black squirrel) for Chinese middlemen had become a dominant economic activity among the Udeghes at the end of the 19th century.

Before the Russians established themselves in the Primore, Chinese traders and settlers dominated the region and had monopolized the trade with the indigenous population, which left little room for Russian small scale businesses.[86] Chinese merchants had established a system of dept peonage and exploitation, forcing indigenous communities into compliance with the trader's demands.[87] Renowned and feared for their exploitative activities, these Chinese merchants were known among local groups as the "spiders of the taiga".[88] Chinese hegemony in the Ussuri region was based on a highly organized economic and political structure that encompassed Chinese farmers, traders and trappers alike. Arsenev's inquiry into and description of Chinese self-government in the Sikhote-Alin presents a revelatory picture of the inner workings of these structures. Beside observations and conversations with Chinese, Russian, and indigenous people, Arsenev based his description of Chinese self-rule on several documents he obtained in the course of his travels through the region. In 1906, Arsenev acquired two scrolls containing information on a valley district court meeting and a collection of statutes governing the Chinese community in that specific district. The documents dated from 1898 and detailed a meeting that occurred every three years to reevaluate and if necessary rewrite existing laws that governed the constituency of a *pao-tou* (hunters' federation), which controlled the respective valley district. The hunters' federation was subdivided into several units, which were composed of between five and

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[85] M. G. Levin and L. P. Potapov, *The Peoples of Siberia* (Chicago, University of Chicago Press, 1964), 750.
[86] Landgraf, *Amur, Ussuri, Sachalin*, 668.
[87] Ibid., 506.
[88] Constantin von Zepelin, *Das Küstengebiet Primorskaja Oblastj mit dem Kriegshafen Wladiwostok unter besonderer Berücksichtigung der militärischen Stellung Russlands am Stillen Ozean, seine Besiedlung und wirtschaftliche Entwicklung* (Berlin: Ernst Siegfried Mittler und Sohn, 1911), 63.

sixteen individual hunters that were mostly involved in fur trapping, deer hunting, and ginseng collecting. The court meeting was attended by a group of judges, prosecutors, jurors and attorneys. A central role in the court played the *da-je* (village elders) who acted as jurors in the proceedings. The scrolls give a detailed account of a law codex governing the economic and political life of the Chinese controlled valley. Geared to protect the sovereignty and property of the federation, the codex also included statutes that explicitly protected the economic monopoly of Chinese ginseng and fur traders and expanded on the safeguarding of the trading, hunting, and gathering monopoly.[89] In addition, the codex included specific laws of hospitality for Chinese farmers and merchants and provisions of hostility against strangers who traveled through the territory. The penal code detailed rules for monetary compensation, including draconian punishments that ranged from burying alive, to drowning and flogging.

A second set of scrolls from 1896, acquired by the botanist Palchevskii in the house of a Chinese court scribe, detailed the internal laws of a *Guan-i-Chuei* (citizen-kin society) that controlled in form of a self-governing village organization the valley of the Iman River. Arsenev derived from the membership records that this society was founded in the 1850s by approximately 10 persons and had swelled at the end of the 1890s to more than 300 members, most of them connected through bonds of kinship and friendship.[90] The 36 laws addressed a range of issues aimed at protecting the control and monopoly of the local landlord: i.e. secured a monopoly on gambling; prescribed the death penalty for sable, fur, and ginseng theft; placed hunting, trapping and trading under the strict control of the landlord; preempted illegal trade among members, non-members, and natives alike; set taxes for imports into the valley district; prohibited the formation of alternative secret societies or brotherhoods; and strictly regulated native economic activities.[91]

The Chinese district societies in the valleys of the Sikhote-Alin were part of a larger system of Chinese self-government in the Amur and Primore region that was modeled

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[89] Arsenev, *Russen und Chinesen in Ostsibirien*, 161.
[90] Ibid., 169.
[91] Ibid., 177.

after Chinese secret societies of the 19th century.[92] Larger Chinese societies in the cities, comparable to trading guilds, complemented the district societies on a higher organizational level. Membership of the trading societies in the cities included wealthy and influential local Chinese as well as the majority of Chinese merchants. Village societies were thus supplemented by trading societies in the cities, a fact that made Arsenev suspicious, "At a closer look, we find a compulsive cohesion [among the Chinese] and inclusion into a larger system, which doesn't seem conspicuous for the outsider."[93] He suspected that the three Chinese societies in the Maritime Province, based in Vladivostok, Khabarovsk, and Nikolsk Ussuriski (modern day Ussurisk) were orchestrated by an umbrella organization located in Shanghai, which set prices for raw materials and controlled the trade to Vladivostok. Arsenev described the main functions of Chinese trading societies as, "investigation and prosecution of criminal behavior among themselves, the levying of taxes to strengthen their own means, the support of economic trade goals and the continuation of the equilibrium of the economic fight against the Russians."[94] One of the main functions of the societies was to control and organize the Chinese trade with the Russian Far East, especially in establishing a trading monopoly with the indigenous population in the backcountry.[95]

The commodity flow in and out of the country was strictly controlled by different organizational layers (see Figure 3). On the lowest level were indigenous trappers and hunters or working brigades of Chinese fur trappers, ginseng collectors, or deer hunters, supervised by a local headman. On the next level was a district landlord, the *zaitun*, who

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[92] Oversea Chinese, especially merchants, regularly joined secret societies for protection and trade benefits. Secret societies originated in China in the 17th century as an opposition to the Manchu warriors that had dethroned the Ming Dynasty. Anti-governmental (anti Ch'ing) in nature, the original societies were based on the ideas of brotherhood and fictive kinship. See Ko-lin Chin, *Chinese Subculture and Criminality* (New York, Greenwood Press, 1990), 16.

[93] Arsenev, *Russen und Chinesen in Ostsibirien*, 178.

[94] Ibid., 180.

[95] The monopolization of trade was a central objective of Chinese secret societies in overseas communities in Asia. For instance, the main goal of Chinese secret societies in the European controlled Malaysian Straits Settlements (Malacca) was the monopolization of specific key occupations. Chinese secret societies existed in Malacca under British and Dutch rule as early as 1825 and were intrinsically tied to the 'indirect rule' policy of the colonial powers that encouraged the self rule through secret societies. See Mak Lau Fong, *The Sociology of Secret Societies: A study of Chinese secret societies in Singapore and peninsular Malaysia* (Oxford: Oxford University Press, 1981), 21.

controlled the commodity flow in and out of the respective valley district and who at the same time represented a middleman to the next level of organization, which was a Chinese trading society or guild in one of the larger cities. The umbrella organization, in form of a trading house of a secret society, represented the roof of the society and was based out of China, namely Shanghai.[96] To protect their interests and to control native trading partners, the Chinese trading societies had their own intelligence and enforcement service.[97]

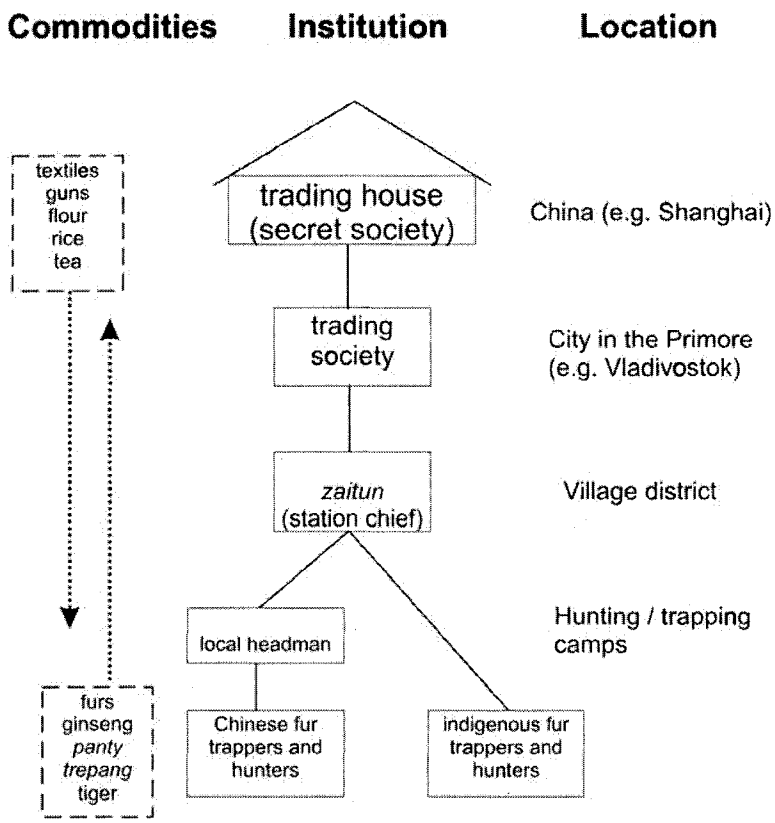

Figure 3: Organization of Chinese trading guilds

[96] At the beginning of the 20th century, the Chinese Chamber of Commerce replaced the trading houses of the secret societies. See Lawrence W. Crissman, "The Segmentary Structure of Urban Overseas Chinese Communities," in *City Ways: A selective reader in urban anthropology*, ed. J. Friedl and N. J. Chrisman (New York: Thomas Y. Crowell Company, 1975), 290.
[97] Arsenev, *Russen und Chinesen in Ostsibirien*, 180.

The lack of Russian state control in the Priamur and Primore regions, especially in the remote areas of the Sikhote-Alin Mountains, created autonomous enclaves that were essentially under Chinese control.[98] It came therefore to no surprise that the activities of Chinese trading guilds in the Russian Far East raised the suspicion of Russian authorities and led to several measures to curb their widespread activities. Arsenev, for instance, accused these societies as constituting, "a state inside the state [...] independent outposts of China's secret foreign policy disguised as trading and mutual aid societies."[99] This might be an exaggeration, but nevertheless gives an insight into the extent of the perceived threats during that time. Officially, the Chinese societies were outlawed in 1897, yet existed at least until 1917.[100] The Russian Revolution, which continued until 1923 in the Russian Far East, led to the final dissolution of Chinese merchant houses and trading societies.

2.3 City

Vladivostok is far away, but nevertheless this city is ours
V. I. Lenin

When the ships ran into the *Bukhta Zolotoi Rog* (Golden Horn Bay) in 1872 and inscribed their names into the landscape, Vladivostok was still a small freeport and military outpost of the Russian Empire, only twelve years old. Nevertheless, many things had changed in a short amount of time. Before the Russian settlement, the bay was a

[98] Chinese secret societies in Asian port cities under European control, i.e. the French Concession of Shanghai, fulfilled a range of functions, from security providers to sources of real political power. Brian G. Martin argues that "secret societies were resilient social organizations that not only could adapt successfully to the complex environment of a modernizing urban society but could emerge as powerful sources within that society." See Brian G. Martin, *The Shanghai Green Gang: Politics and organized crime, 1919-1937* (Berkeley: University of California Press, 1996), 3.
[99] Arsenev, *Russen und Chinesen in Ostsibirien*, 181-82.
[100] Ibid., 180.

popular catching ground for sea cucumbers, hence its Chinese name – *Hai-Shan-Wei* (Sea Cucumber Bay). During the summer, Chinese fishermen set up their camps along the shores of the bay and retreated at the beginning of winter with their valuable catch to Chinese ports. The Russian occupation of the natural harbor, which began with the arrival of the three mast steamboat "Manchur" in the summer of 1860, started the first permanent settlement. The Sea Cucumber Bay turned into the *Bosfor Vostochnii* (Eastern Bosporus). The eastern Golden Horn Bay was an allusion to Constantinople's Golden Horn and represented for Russia a new access to world trade, envisioned as a replacement for the blocked access to the Mediterranean after the defeat in the Crimean War. [101] Barracks, an officers club, a bathhouse, workshops, and storehouses came into being, followed by living quarters, a hospital, and a small orthodox church. On the hills, which surround the bay like a chaplet, heavy cannons were entrenched behind earth walls. Russia was aware of the precarious location of this harbor. The name speaks for itself – Vladivostok means to rule the East. Its status as a freeport soon attracted civilian entrepreneurs, attentive to the peculiar strategic position of the harbor. Vladivostok was Russia's new gate to the Pacific Ocean. Most of the newly founded settlements and military outposts in eastern Siberia were more easily accessible from the sea side than by the long-winded overland route. Two young entrepreneurs from Hamburg, Gustav Kunst and Gustav Ludewig Albers, were among the first to understand this fact. For decades to come, their business house should play a central role in the economic life of Vladivostok and the Russian Far East.[102] The settlement grew incrementally. The foundation stones of a city were laid: private houses, governmental buildings, a sawmill, five brickyards, a brewery, and the grain mill of the Finn Lindholm rose along the narrow stretch of even ground between the bay and the surrounding hills. 1872 was a crucial moment for Vladivostok. The Russian government had just decided to transfer the civilian and military main port at the Pacific, the base of the "Siberian Fleet," from Nikolaevsk at the

[101] Eugen Zabel, *Auf der Sibirischen Eisenbahn nach China* (Berlin: Allgemeiner Verein für Deutsche Literatur, 1904), 126.
[102] For a detailed history of the Kunst & Albers trading house in Vladivostok, see Deeg, *Kunst & Albers Wladiwostok*.

mouth of the River Amur towards the south, to Vladivostok. A year earlier, the "Great Northern Telegraph Society" from Copenhagen had laid an underwater cable from Vladivostok to Nagasaki and further on to Shanghai. During the same year the telegraph line through Siberia, from Vladivostok to St. Petersburg, was finally completed. The city was connected, the ships arrived. The first ship to come was the steam corvette "Amerika," on board the commander of the "Siberian Fleet," Admiral A. E. Crown. It was not the ship's first journey into these waters. In 1859, under the direction of the Governor-General of Siberia, Count Nikolai Muravev-Amurski, the corvette had operatively participated in the surveying and mapping of the "Peter the Great Bay" to search for a suitable port for the nascent Russian Pacific fleet.[103] The "Amerika" was soon followed by the larger frigate "Svetlana," on board an even more important dignitary, the Grand Duke Aleksei Aleksandrovich. During the same and following year, the rest of the "Siberian Fleet" arrived, 22 ships in total. Changing street names reflect the maritime history of the city. Vladivostok's main street had three different names throughout its history: first it was *Ulitsa Amerikanskaia*, then followed *Svetlanskaia*, during Soviet times it was renamed as *Leninskaia*, and finally since the early 1990s *Svetlanskaia* again.

From its early history as a sea cucumber harvest point and military fort to a cosmopolitan metropolis, Vladivosok had been a multi-ethnic melting pot. Chinese, Koreans, and Japanese intermingled with Russians, Europeans, and Americans in the harbor, on the streets, and in the salons of the steadily growing port city. Especially during the Civil War, the city was a multinational melting pot and place of encounter between East and West.[104] Konstantin Kharnsky described in 1919 the city of Vladivostok with an almost surrealist staccato of words:

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[103] Boris A. Sushkov, *Post Vladivostok: 1860-1862 gody* (Vladivostok: Primorskoe Knizhnoe Izdatel'stvo, 1958), 25.

[104] Vladivostok was the last stand of the Whites, the troops loyal to the dethroned tsar. A large contingent of refugees fled from Vladivostok to Shanghai in 1923.

> Morphine, cocaine, prostitution, blackmail, sudden riches and ruin, dashing autos, a cinematic flow of faces, literary cabals, bohemian lifestyles, coups and coutercoups, Mexican political morals. Parliaments, dictators, speeches from balconies, newspapers from Shanghai and San Francisco, "Intervention girls", uniforms from every kingdom, empire, republic, monarchist club, leftist rallies, complete isolation from Moscow.[105]

Another traveler, Mary Gaunt coming from Harbin in 1914, was equally astonished by Vladivostok's cosmopolitan character:

> I thought all the races of the earth met in Kharbin, but I don't know that this port [Vladivostok] does run it very close. There were Japanese, Chinese, Russians, Koreans in horsehair hats and white garment; there were aboriginal natives of the country and there were numberless Germans.[106]

Vladivostok's population grew rapidly from 510 in 1868 to 45,300 in 1903.[107] The city's peculiar geographic position made for an ideal trading hub that attracted a variety of European and Asian traders and merchants. On the one hand, the city was a center for the export of local resources, like furs, ginseng, or sea cucumbers, to Chinese ports. On the other hand, Vladivostok's port functioned as an import bottleneck for commodities from overseas, which were mainly destined for the steadily growing Russian settler population in the backcountry of the Russian Far East. These economic opportunities lured many international venturer to the city. In 1897, approximately 40 percent of Vladivostok's total population was of foreign nationality.[108]

In addition to European and Chinese traders, the growing Japanese influence in Manchuria at the turn of the century led to an influx of Japanese merchants and workers

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[105] Cit. in Stephan, *The Russian Far East*, 126.
[106] Mary E. Gaunt, *Broken Journey: Wandering from the Hoang-Ho to the Island of Saghalien and the upper reaches of the Amur River* (Philadelphia: J.B. Lippincott, 1919), 157.
[107] Tatiana Z. Pozniak, *Inostrannye poddannye v gorodakh Dal'nego Vostoka Rossii: Vtoraia polovina XIX – nachalo XX veka* (Vladivostok: Dalnauka, 2004), 223.
[108] Of the 12,577 foreign residents counted by the first Russian census in 1897, 167 were European, 9,878 Chinese, 1,249 Japanese, and 1,283 Korean. See Ibid.

in the service industry, especially barbers, carpenters, launderers, and photographers.[109] As in the backcountry, Chinese played an important and dominant role in the city's economic life. The city depended heavily on Chinese unskilled labor and the services of Chinese traders.[110] Zuev, a representative in the city duma of Vladivostok exclaimed already in 1884:

> The Chinese play such an important role in the life of our city [Vladivostok] that their removal at this point would put great hardship on our [Russian] citizens. The Chinese are horse traders, sellers of hay and oats, craftsmen, gardeners, fishermen, and grocers.[111]

Chinese economic dominance was especially visible among small-scale traders. In 1910, almost 80 percent of the local small shops were managed by Chinese.[112] In 1910, V. V. Grave, an official representative of the Russian Foreign Ministry, estimated that more than 50,000 Chinese, the majority of them unskilled workers, lived and worked in Vladivostok.[113] Unskilled labor was of particular demand in the port area and in the city's construction business.[114]

The Russian authorities tried to control the influx of Chinese traders into the Primore with meager success. Registration and taxation laws enacted at the beginning of the twentieth century are an indirect sign for the need to regulate coastal boat travel. Vladivostok's Governor reacted with the introduction of landing permits for Chinese vessels and a ban on the transport of Chinese without valid passports on steamships. The policy was not very effective, largely because most of the goods and passengers traveled

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[109] The Japanese Army recruited spies on a regular basis among Vladivostok's Japanese population. Japanese prostitutes, the so-called "rice ladies", and brothels, the first one opened 1883 in Vladivostok, functioned as espionage havens for data and shelter. See Stephan, *The Russian Far East*, 77.
[110] William Richardson, "Vladivostok: City of three eras," *Planning Perspectives* 10 (1995), 53.
[111] Cit. in Landgraf, *Amur, Ussuri, Sachalin*, 604.
[112] Grave, *Kitaitsy, Koreitsy, i Iapontsy v Priamure*, 33.
[113] Chinese were particularly popular as hired workers, mainly due to their willingness to work for half of a Russian's wage. Ibid., 125.
[114] In 1900, 90% of the workers in Vladivostok's shipyards were Chinese. In addition, contractors recruited Chinese coolies for the Amur goldfields and the railroad construction. See Stephan, *The Russian Far East*, 73.

on sailing boats. Looking from one of Vladivostok's numerous hills Arsenev observed that, "on clear days the water is shimmering up to the horizon with sails. Almost exquisitely Chinese schooners, sloops, and junks."[115] Another problem was that Chinese ships, mostly smaller sailing boats, did not unload in the main harbor of Vladivostok, but in Millionka, the city's Chinese quarter with a population of up to 20,000 Chinese at the beginning of the twentieth century.[116] Russians were almost completely excluded from that trade. Therefore, most of the imported goods from China came unnoticed or unaccounted for into the Primore. The Chinese dominated Millionka district, with its winding alleys, hidden backyards, street markets, gambling houses, and opium dens, was a constant problem for Vladivostok's authorities. In 1910, V.V. Grave visited together with the chief of Vladivostok's Health Department the Millionka quarter and gave a personal account:

> I was astonished about the picture that opened in front of my eyes. Filth, horrible stench, overcrowding, I was reminded of the worst quarters of the Chinese part of Beijing [...] The Chinese masses constantly dash about in the alleys, scream, trade, eat, and follow all their natural needs. In the evening, all this is illuminated by paper lanterns and presents itself as a picturesque painting, as if the traces of filth had vanished in the dark.[117]

Beside sanitary problems, the Millionka district was a criminal hotspot. Thousands of illegal Chinese residents lived in Vladivostok at the beginning of the 20th century. For instance, in May 1912, Vladivostok's town council was informed by the city police of 9,500 arrested persons during the first half of the year – 5,300 of the detained were Chinese without valid documents.[118] Consequently, the business of forged passports was rampant. The local newspaper "Dal'ekaia Okraina" stated in 1910 that "the majority of

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[115] Arsenev, *Russen und Chinesen in Ostsibirien*, 178.
[116] L. Ivashenko et al. *Primorskii Krai: Kratkii entsiklopedicheskii spravochnik* (Vladivostok: Izdadesl'stvo Dal'nevostochnogo Universiteta, 1997), 301.
[117] Grave, *Kitaitsy, Koreitsy, i Iapontsy v Priamure*, 126.
[118] Vladivostok City Police Report, May 1912 (Document), Muzei Vladivostokskaia Krepost', accessed November 30, 2004.

Chinese live without any passports or with forged passports that are sold on the Semenovskii Bazaar [another name for Millionka] for 50-75 Kopeks, as anybody knows."[119] To control the criminality among the residents of the Millionka district, the city's authorities increasingly reverted to Chinese police patrols. Although these indirect-rule measures relieved the city police from patrol duties in the Chinese Quarter, it led to the formation of a semi-autonomous Chinese police force that was chronically plagued by corruption.[120] Despite all measures, the numbers of Chinese grew steadily. In 1916, almost 40,000 Chinese lived in Vladivostok, composing almost half of the city's total population.[121]

Russia's oriental question was "yellow" in the Russian Far East. At the beginning of the 20th century, the Russian discourse about Chinese migrants was framed by two catchwords: *zheltaia opasnost'* (yellow peril) and *zheltii vopros* (yellow question). A major problem for the Russian authorities was the economic competition that was represented by Chinese workers and traders. V.V. Grave stated in his report that important key occupations (retail business, fishery, carpentry, smithies, and dock work) were completely in the hands of Chinese and represented Vladivostok's "*khronicheskii nedug*" (chronic disease).[122] The causes for this 'disease' were obvious to him – under representation of the Russian population, a weak border, and too many Chinese – as well as the cure: forced Russian settlement, infrastructural improvements, incentives for Russian and European investments, increased border security, and a strengthening of the local administration.[123] Grave concluded his account with pessimistic undertones, "During my travels in the Amur Region, one could hear that all the Russians went bankrupt; and to the question of who got rich one would receive a stereotypical answer: the Chinese."[124]

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[119] "Bespasportnye Kitaitsy," *Dal'ekaia Okraina* 921 (1910), 4.
[120] Aleksei Buiakov, "Kazhdyi kitaets mechtal stat' politseiskii," *Vladivostok*, 19 April 1999.
[121] Pozniak, *Inostrannye poddannye v gorodakh Dal'nego Vostoka Rossii*, 223.
[122] Grave, *Kitaitsy, Koreitsy, i Iapontsy v Priamure*, 232.
[123] Ibid., 233.
[124] Ibid., 235.

The situation of Chinese traders in the Russian Far East changed dramatically after the Russian Revolution. Trading houses were closed and Chinese property was confiscated. As a result, many Chinese left the city in the course of the following years. Drastic measures were proposed. For instance, Arsenev reported to the office of the Far Eastern VKP (All-Russian Communist Party) in 1928:

> We don't have time to turn people into Soviet citizens and wait until they change their opinions and characteristics. With our close connections to Manchuria and Korea we have a danger of conflict on our borders with the Korean and Chinese people. The struggle against this includes the possibility of bringing many people from the European part of the USSR and Western Siberia without regard to their nationality. But the Koreans or Chinese must be resettled to the center of our country, and/or to the West and North of the Amur.[125]

Nine years later, Arsenev's recommendation was rigidly enforced. Korean displacement started in September 1937. Under the pretext of espionage for Japan, Korean settlements were cordoned off, the entire population arrested, and subsequently deported to Central Asia. The *Kitaiskaia Operatsia* (Chinese Operation) followed. Conducted by the NKVD between 1937 and 1938, the operation's goal was to arrest all Chinese in the Russian Far East and forcefully deport them to China.[126] Russia's Chinese question was swiftly resolved, at least for the next fifty years.

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[125] Cit. in Amir A. Khisamutdinov, *The Russian Far East: Historical essays* (Honolulu: A.A. Khisamutdinov, 1993), 119.

[126] The "Chinese Operation" was executed in three steps – December 1937, February 1938, and March 1938, with the final stage including the arrest of the Chinese population in Vladivostok. Khisamutdinov, *The Russian Far East*, 121.

Chapter 3 – Urban Illegality: Open-air markets and ethnic entrepreneurs in Vladivostok

3.1 Chinese markets

On the market, all is subterfuge
Frank London

Vladivostok, summer 2004. I step into one of Vladivostok's Chinese Markets. "*Dollary, dollary*," mumble the money exchangers at the congested entrance of the market, kneading thick money bundles in their hands. Russian Pop music drips from the rattling speakers of a little shop that sells music tapes. With a few steps I enter a different world. The urban horizon of house fronts and traffic arteries disappears. The world is now a narrow labyrinth of metal shipping containers transformed into improvised shopping stalls. Blue plastic tarps span the contracted alleys and shower them with a dim light. The music fades. I let myself get carried away by the crowd, which moves along the stands and spills me into a free space in front of a small shop. The Chinese owner eyes me full of expectation and points to his vast assortment of leather shoes, hung on a wire frame that covers the inside of his container. His shoes cost approximately US$10. In broken Russian, the seller tries to convince me to buy a pair, because of their superior quality, of course. Rejecting his offer with a smile, I step back and get swallowed by the crowd again – I drift along.

A Chinese woman pushes her small hand cart loaded with plastic cups and several thermoses of hot tea through the crowd. She praises her tea to the traders, "*Chai, chai, chai.*" Booth after booth is stuffed with a varying array of merchandise: shoes, leather jackets, Jeans, underwear, dresses, and track suits. All of the commodities are Chinese imports, a dazzling assortment. Over and over, I can hear the phrase "*skol'ko*", "how

much", uttered by the shoppers as a casual question thrown towards the trader, accompanied by a swift, indicating motion of the hand. The customers are selective and have learned haggling skills in a short time. Several Chinese crouch in a quiet corner around a game board and sip tea. The container behind them is closed shut with a large padlock. In one of the open containers further down the alley a Russian woman tries to fit into a small tank top. The Chinese trader holds a large blanket in front of her, as a privacy shield. Querying, the Russian looks to her friend, who shakes her head in denial. The trader nods approvingly. I don't catch the final decision – I am part of the crowd again. The dim blue light under the plastic tarps has a strange effect, enclosing me like a bubble. Sometimes it appears to me that the mass of people stands still, and the celestial blue container stalls are actually moving, like they are strung on a conveyor belt. The crowd is immobilized and the commodities flow by, in endless repetition.

The tarp canopy ends and opens into a larger space. Blinded by the sun, I step out of the alley. The bright beams of the midday sun lighten up the toy assortment of a stall. Plastic cars in neon colors, futuristic looking model rifles and a wide array of colorful toys are piled on a large table – all made in China, of course. Gigantic stuffed toys are dangling from the roof. The metallic voice of a battery-powered monkey craws something unintelligible. Another mechanical teddy bear has run almost out of power, shaking its head grindingly. The neighboring stand is crammed with kitchen hardware – plastic plates, saltshakers, toothpicks, dustpans, and batteries. The stands enclose a little square, a transit zone. Beyond, new alleys extend, full of clothes and shoes. I enter.

The 'Russian sector' of the market begins here. The goods for sale are almost identical to those of the Chinese traders and even the containers are painted in the same blue. Yet all the salespersons are Russian women. The atmosphere is less dense than in the 'Chinese' part of the market, the alleys between the containers broader, and the spanned tarp is missing. Compared to the Chinese, the Russian traders look almost shy. Some smoke, drink tea, or exchange a few words with their neighbors. Like in the other part of the market, a similar assortment of merchandise is displayed: tracksuits, leather jackets, underwear, and fashionable shoes. In between, a booth with glaring plastic

flowers and hanging synthetic ivy stands out. Another one offers glittery wigs. A trader specializing in socks tries to convince a potential buyer of the superior quality of her merchandise, "These are ours, Russian made," stretching the sock and holding it against the light. I continue, slip between two containers through a hole in a fence into the center of the market.

The space opens into vacuousness. Silence engulfs me and a gust of wind blows fine dust into my eyes. The oval of a former sport's stadium lies like a withered eye in the center of the market, which was named after this stadium: "Sportivnaia." However, little remained of the former sports complex. The seating has been stripped clean and only the vacant concrete steps remained. An old man, dressed in a suit and carrying a black plastic bag in his hand, walks slow laps on the chapped, asphalt sheeted track. Two slanted goals crown both ends of the soccer field, which is surrounded by the race track. Bare earth surfaces at some spots. Rusty floodlight towers with broken lamps reach into the blue sky. Seagulls, attracted by the discharge of the market, circle in the air above. The acrid smell of burned plastic is all around. Gusts of wind spin screw caps of vodka bottles over the concrete arena and jitter long stripes of magnetic tape that have caught in the former seating. Nothing remains here of the hustle and bustle of the surrounding market; like the eye of a storm. The seamlessly arranged containers surround the stadium like a fortress. A black plastic bag flies by. The seagulls scream. The man in the suit is gone.

I exit the stadium at another spot and enter the provisional part of the market. Vegetable stands alternate with the improvised store fronts on the flat beds of small trucks. I can hear the thudding sound of a butcher preparing meat on a wooden chopping block. Glass jars filled with honey are lined up for sale on the wooden table of a Russian beekeeper. At the neighboring stand, plastic buckets filled with potatoes are for sale, each bucket containing the equivalent of five kilograms. Chinese sell fresh vegetables and red radishes sealed in plastic. Traders from Central Asia offer dried fruits from large linen bags. I buy a package of green tea from a Chinese woman who struggles with her sunshade, about to be blown away by strong gusts of wind. The booth of an Azeri attracts my attention. The lemons cost only eight rubles here, two less than at the stands of other

sellers. I stop and immediately have his full attention. "The tomatoes are also of exceptional quality," he explains and shuffles one right under my nose. I ask him where the tomatoes have been imported from, "Are they from China?" "No, they came of course from the *kolkhoz* [former state farm]," he answers with a smirk that reveals his golden front teeth. I do not believe him, but nevertheless buy a kilogram. "You are already the second time at my stand." That is true. Parting, he presses my hand with force, "You should stop here again." Once more, his golden, shiny teeth strike me.

The vegetable stands merge again into container booths. Even though they are of the same type as the containers in the clothes and shoe section of the market, the containers in this part are refurbished to small kiosks. Display cases are mounted on the inside of the swinging doors and another wall with showcases and a small entrance closes the interior of the container. One has to bend down to a little transfer hatch to order the products. Russians sell here pre-packed food items and kitchen supplies. Every kiosk has its own unique assortment. One offers sugar, oil, noodles and rice, another shampoo, detergents and soaps, yet another, tea, coffee, and cigarettes. A few kiosks further down the line, long rows of meat and fish sellers extend. I can already hear their shouting.

I turn into a small side alley that runs parallel to the edge of the market. On the one side, stalls of Chinese vegetable and food sellers are located, including a video store with exclusively Chinese films. Mainly local Chinese buy their supplies here. The large tables are filled with pickled vegetables, dried mushrooms, instant noodle soups, a variety of soy sauces, and special ingredients for the Asian cuisine. The Chinese language encloses me. On the other side of the alley, half a dozen cook shops are placed into double sized shipping containers. I enter one of the shops with the name *Druzhba*, "Friendship," printed in large letters on a front board. One half of the container is furnished as a dining room; the other half houses a small kitchen. An open hatch connects the two. The sound of sputtering oil comes from the kitchen. The cook smiles and points to a free table. I sit down and study the menu, which is written in Chinese and translated into faulty Russian. Soups [*supy*] are called teeth [*zuby*] here. Nevertheless, I order one. At the neighboring table sits a group of Vietnamese. Their dusty and torn work clothes reveal their

profession as construction workers. The group communicates in simple Russian with the proprietor, crack their chopsticks and hunker over an opulent lunch. My thick noodle soup tastes excellent. A warm feeling spreads in my stomach. In the background, some dishes clatter, otherwise it is silent. I recline, enjoy the tranquility and observe the moving crowd through the windows. Without sound, the agitated scene outside has an almost cartoonish quality. Mutely, a Russian customer haggles with a Chinese trader. He is apparently unsuccessful, as the Russian holds the bundle of garlic threateningly into the air, then places it back on the table, and turns away with a disgusted expression on his face. Rays of the afternoon sun fall on the displayed produce and illuminate them in full colors. I have left the Russian city and am now on a market in Asia. The proprietor brings some tea, which is for free and tastes of jasmine.

Since the early 1990s, open-air markets that sell a wide variety of imported goods from China, the so-called *kitaiskie rynki* (Chinese markets), opened in the cities of Primorskii Krai. Entering one of these markets one is first overwhelmed by the sheer quantity of goods and the seemingly chaotic labyrinth of alleys and bazaar culture: Retailers with handcarts full of packed goods, shoppers laden with their purchases, and simple strollers make up the steady stream of people coming from and rushing towards the market; Russian pop blares from the crude speakers of kiosks selling pirated music tapes and blends with the loud calls of Chinese traders; steam rises from the hot pots on a handcart that a Chinese women is maneuvering through the crowd.

Although there are some Korean, Central Asian, and Russian traders, Chinese and Vietnamese dominate the market by far. It is as though Asia's commodities have been crammed in small-format under blue tarps and inside shipping containers. The market stands are the improvised shop windows on a world of electrical appliances made in China: radios, alarm clocks, animated plastic toys, surveillance cameras, portable television sets, just to mention a few of the far-eastern electronic marvels on display. However, the largest bulks of goods are clothes and shoes: leather jackets, fur coats, jeans, dresses, casual wear, sneakers, and fine leather shoes. Most of the customers are Russians. Although it is mainly a market dominated by Chinese goods and Chinese and

Vietnamese sellers, the administration, protection, and security is provided by ethnic Russians.

I focus here in detail on the open-air street markets for several reasons. First, as a peculiar institution of the economic transition period in post-Soviet Russia, street markets represent economically vital sites that are subject to constant change. Thus, they incorporate and express the very essence of the transition period, which is socio-economic change and creative adaptation of entrepreneurs and consumers alike. Second, open-air street markets in Vladivostok are public urban spaces where different ethnic groups interact, sites where the paths of people and commodities interlink in a visible form. The surfacing of transnational commodity flows on open-air markets make an otherwise elusive subject observable, revealing its features and qualities to the anthropological gaze. Third, open-air markets are operating in a distinctively gray economic zone where formal economic practices blur with informal strategies. Given the overall subject of this dissertation, the social reality of illegality in Russia's shadow economies, open-air markets are an ideal window on the social reality of a peculiar shadow economy and offer a privileged view on the underlying social mechanisms.

The term "Chinese market" might be misleading, implying a market completely run by Chinese. In fact, different ethnic groups are actually sharing the same locality. The markets are organized according to ethnic groups, which occupy their own niches in the markets. The ethnic topography of these markets is not only expressed in spatial segregation, but also in the types of goods that the different ethnic groups offer. As a first methodological step, I systematically mapped and recorded inventories of three major Chinese markets in Vladivostok. The spatial groupings of foreign traders and their commodities revealed a highly structured and organized economic sphere, although often on the brink of legality. In-depth interviews with vendors, suppliers, market administrators, and clients completed the picture of a complex condensed niche economy, where different ethnic groups, occupying marked spatial positions, and monopolize whole categories of consumer goods. Entrepreneurs from China and the

former Soviet republics of Central Asia and the Caucasus dominate the markets and their supply routes. Family relationships and ethnic ties play an important role in the transactions among ethnic entrepreneurs. The ethnic entrepreneurs rely heavily on each other and form enclosed groups according to their ethnicity.

To present a clearer picture of the underlying spatial and social order of Vladivostok's Chinese markets I will proceed in several steps. First, I will describe in detail the spatial layouts of the markets and delineate different commodity niches occupied by specific ethnic groups. Second, I will place Vladivostok's Chinese markets in the wider context of open-air markets on the territory of the former Soviet Union, with a special focus on consumer perception of these markets, their traders, and commodities. Third, to understand the phenomenon of open-air markets in the former Soviet Union in the context of recent labor migration flows, I will briefly address the general major migration flows into Primorskii Krai, specifically focusing on Chinese migration and local perceptions of Chinese migrant workers. Fourth, to provide an insider view of Vladivostok's Chinese markets I will focus on the story of a specific trader as a generic example of the social reality of trading minorities in Vladivostok's open-air markets. In the form of an ethnography behind the market stand I will describe a trader from Usbekistan, his extended kinship network, and his specific strategies in the market's shadow economy.

3.2 Bazaar ecology

On the territory of our market organized crime exists only in the form of the administration

Vice-director of the Baliaeva open-air market

To present a clear picture of the open-air markets, I will focus here on the three major "Chinese Markets" of Vladivostok – Vtoraia Rechka, Baliaeva, and Sportivnaia (see

Figure 4). Despite their differing history, appearance and layout, these markets have certain characteristics in common. All three are located next to major transportation hubs: Vtoraia Rechka, in the northern part of Vladivostok, was established next to the long distance bus station; the Baliaeva market, one of the oldest in town, is located at a major intersection of vital roads leaving the city; and the Sportivnaia market, mentioned in the opening vignette of this chapter, is situated adjacent to a central bus station at the end of Svetlanskaia Street. The availability of open space in Vladivostok's condensed cityscape was another criterion for the specific locations of the markets. For instance, the Sportivnaia market used strategically the unobstructed space around a former sports stadium.

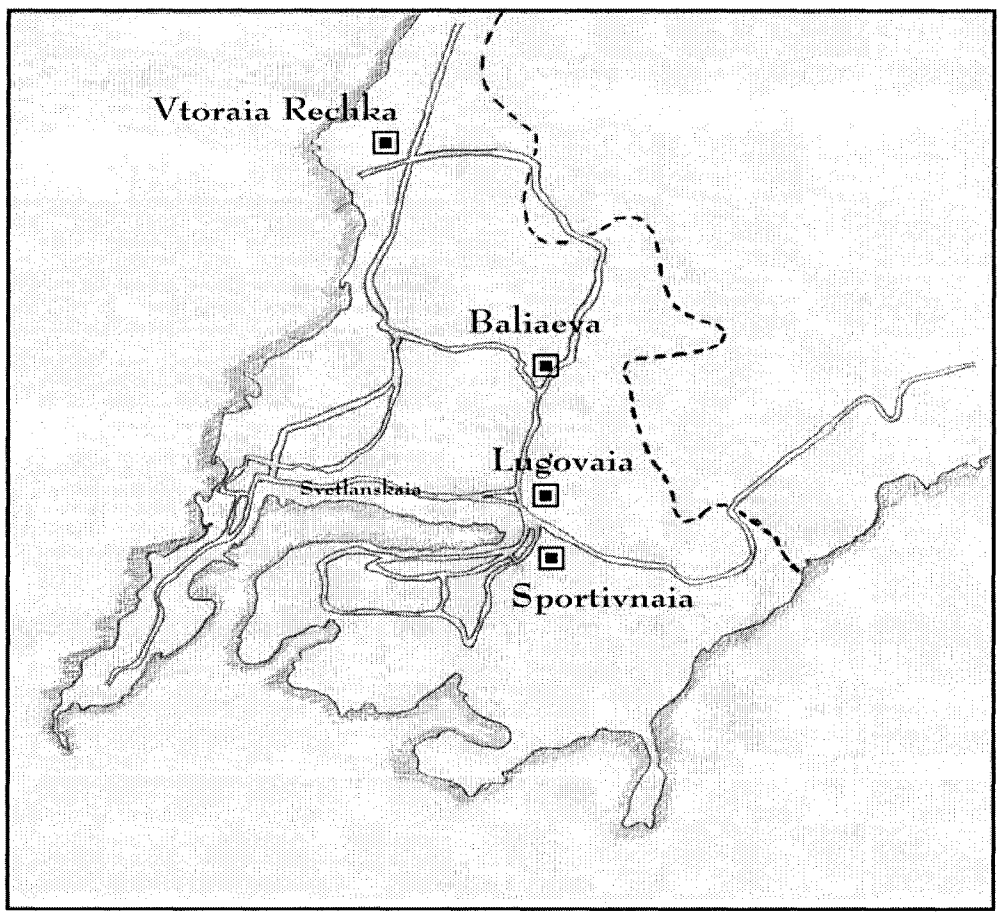

Figure 4: "Chinese markets" in Vladivostok

All three markets share similar architectural elements. The main building blocks of these markets can be distinguished into three different categories: containers, kiosks, and improvised stands. A standard metal shipping container, approximately 3x3 meters, is one of the peculiar features of the Chinese markets in Vladivostok. During the opening hours of the market, the container houses the vendor and the display of merchandise, lined up along the inside of the doors and walls. At night, closed and locked, it functions as a storage space. To adapt to spatial constraints, some of the containers, the ones used solely as storage, are stacked on top of others. Additional construction elements, like tarps, boardwalks, and galleries, are occasionally added, combining dozens of individual containers to clusters that resemble narrow bazaar alleys, protecting customers and vendors from cold winter storms or blazing summer heat. Kiosks are another architectural feature of the markets. Some of them are remodeled containers with added windows, doors, and hatches; others are custom made from scratch. Improvised, open stands, the *lotki* (tents) or *prilavki* (counters), are yet another category of shopping booths found on the markets. Although their appearance can greatly vary, these types of stands consist normally of a simple board resting on a pair of trestles and are protected from sun and rain by stretched tarps. Flatbeds of trucks or open vans are also used occasionally as temporary selling booths.

Containers and kiosks, arranged along lanes, constitute the core of the markets; the open stands are situated in the periphery. Pavement traders are usually surrounding the markets' outer periphery. Mostly Russians of retirement age sell here second hand goods – from used clothing to scrapped pieces of sanitary equipment – on improvised stands that consist of often no more than a little bench or blanket spread out on the pavement. Home grown produce, like flowers or potatoes, or self-picked food items, like mushrooms, ferns, or berries, are also sold on the streets and walkways that surround the markets.

Subtle architectural borders separate different ethnic groups and commodity categories, assigning them to their distinctive space. In terms of a bazaar ecology, exploring niche economies and their spatial distribution in a market place, I explore in

the following pages the borders and niches of three different open-air markets in Vladivostok. The goal is here to show that these markets are well ordered informal economic spaces 'inhabited' by different ethnic groups that specialize in particular commodities.

3.2.1 Baliaeva

Baliaeva is one of the oldest Chinese markets in Vladivostok. Founded in 1994, it has retained its original small size, constrained by the two major expressways leaving the city to the West and North, and features a relatively simple structure. The main shopping space consists of containers arranged along several rows surrounded by open stands. Storage space is provided by a second floor of containers that are stacked on top of the shopping stalls. The Baliaeva market partially functions as an *optovaia baza* (wholesale center) for other open-air markets in Vladivostok. In the north-western corner, several food stands run by Azeris cater to vendors and customers. The whole market is surrounded by high walls and is closed during the night. The market mostly specializes in non-perishable goods imported from China, such as apparel and shoes. In addition, this market offers a broad variety of kitchen hardware, household goods, and electronic items (see Figure 5).

A new, multi-story *torgovyi tsentr* (shopping mall) was recently built adjacent to the market. In 2004, two of its floors were in operation, offering rental boutiques for apparel traders. Managed by the company "*Vostochnyi Dvor*," the market harbors approximately 600 traders of different nationalities – roughly 300 are of Russian nationality, 200 are Chinese or Vietnamese, 50 are Russian-Koreans, and 30-40 are from Azerbaijan. Stand owners and sellers are often different persons. Most of the stand owners, who are also the owners of the merchandise, employ extra salespersons for their stalls. According to the vice-director of the market, for instance, most of the Azeri stand owners employ Russians as salespersons. In the case of Chinese and Vietnamese traders the picture is more complicated as the vice-director explained:

There is a hierarchy among the Chinese and Vietnamese traders. Among the Vietnamese it is more hidden, not really noticeable. But the Chinese, for instance, have between two and three bosses [*nachal'niki*] for every 150 traders. In Vladivostok there are approximately three companies that set up the traders in the markets of Vladivostok. Those companies take care of the documents and other formalities. These middle-man companies [*firmy-posredniki*] don't own any goods, they just take care of documents, arrange work on the markets and other places in town. There are also smaller groups, three to five people, who work on their own. Approximately 50 percent of the traders in our market own their merchandise, which they buy at the wholesale bases in Ussurisk or Suifunhe.

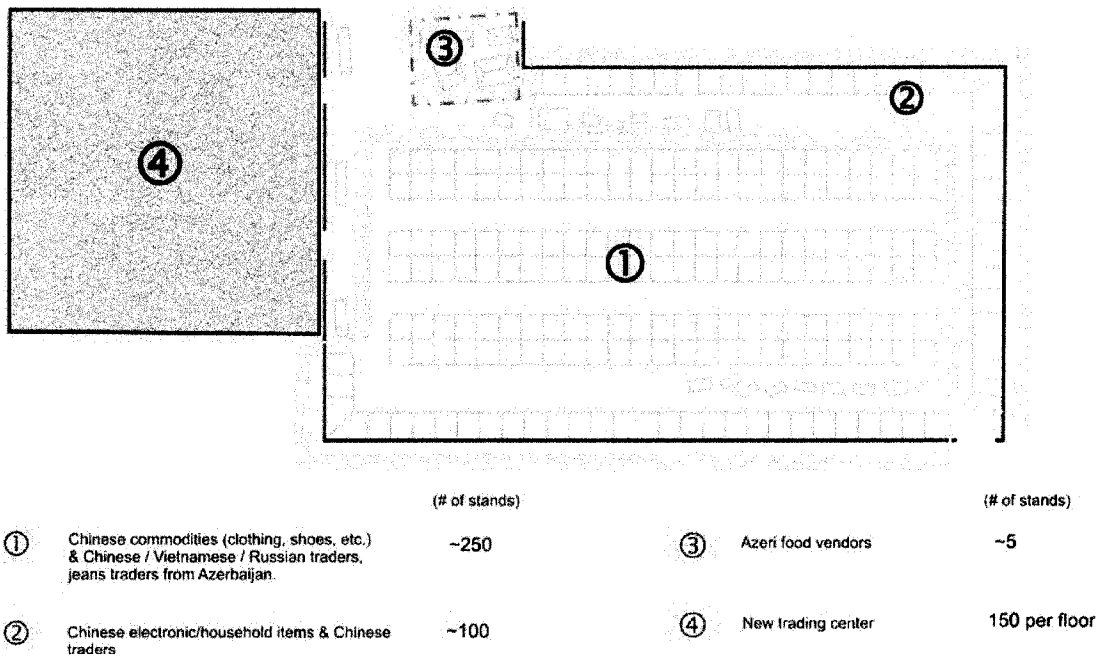

Figure 5: Baliaeva open-air market

Open-air markets have become a lucrative business not only for the stand owners, but also for the market administration and a range of involved businesses, like the above mentioned middle-man companies. In addition, the open-air markets attracted racketeering groups who tried to force so-called *kryshi* (protection arrangements) on the sellers and stand owners, sometimes with deadly results. In September 2000 the director of the Baliaeva market, Valerian Vachurin, was fatally injured by assailants in an apparent contract hit.[127] Well accustomed to these problems, the vice-director had adopted a pragmatic attitude to organized crime on the territory of his market:

> We have the saying: On the territory of our market organized crime exists only in the form of the administration. Behind the limits of our market you can do whatever you want, build a 'roof' [*krysha*] or whatever. But if some 'roof' comes to us, any 'roof', we take the entrepreneurs together with their 'roof' and just throw them out of the market and so put a stop to their dealings. If I remember right, that happened twice. The Chinese [who were involved] are not here any more, they retreated and it didn't happen again.

Stiff competition on the market has led to sometimes extraordinary measures by influential competitors. The vice-director recounted a conflict in 1996, instigated by a private entrepreneur with considerable influence in the local power structures:

> In 1996, OMON appeared in four buses, surrounded our market, herded all the Chinese traders together, confiscated all their passports, shipped them to Sportivnaia, and told them: If you start working here, you will receive your passport back. Up to this date, there was only a produce market at that place, that's why they send the Chinese over there.

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[127] "Vo Vladivostoke ubit direktora kitaiskogo rynka," *Vladivostok*, 19 September 2000.

Most of the Chinese returned eventually to the Baliaeva market after a short amount of time, but the seed for a new market was already planted. In 2004, the Sportivnaia market had become the largest open-air market in Vladivostok.

3.2.2 Sportivnaia

Compared to Baliaeva, the Sportivnaia market offers a broader variety of goods and presents a more complex structure. Surrounding a former sports stadium, this large open-air market housed approximately 1600 shopping booths in 2004. Counting an average between one and two sellers per booth, the market included more than 2000 traders of various nationalities and ethnicities. The offered commodities range in a wide spectrum, from construction materials, to apparel and food, to electronic goods (see Figure 6).

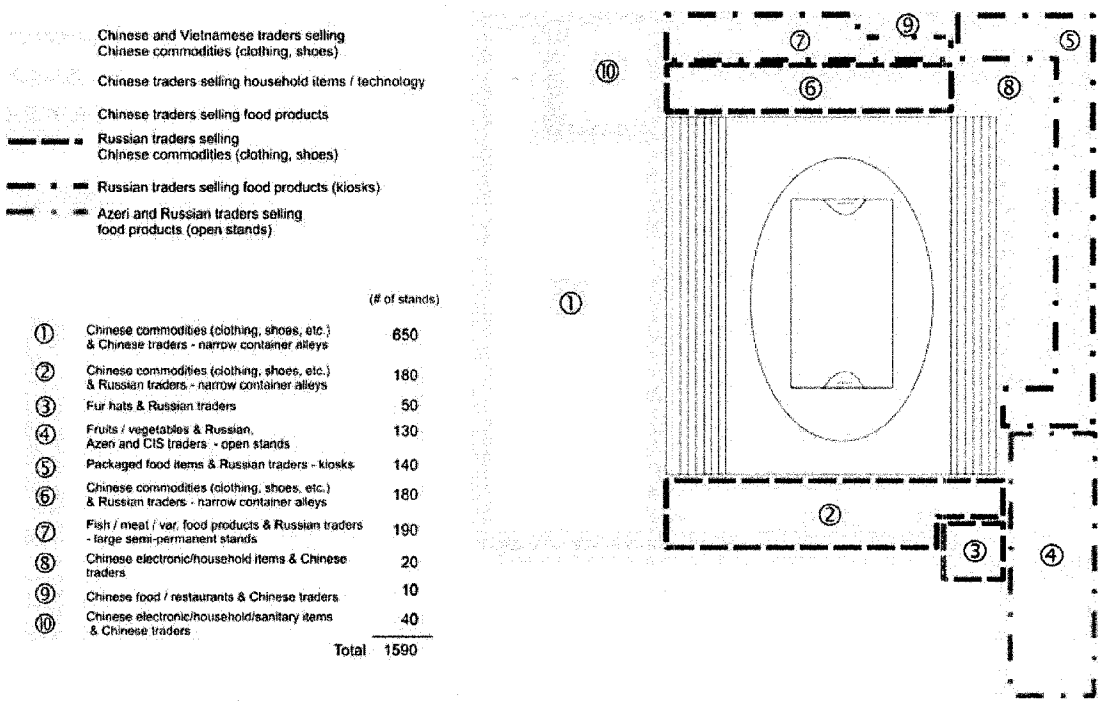

Figure 6: Sportivnaia open-air market

The economic center of the market is located on the western side of the stadium (Area 1). Hundreds of shipping containers form narrow alleys that are covered by tarps. This zone is exclusively used by Chinese and Vietnamese traders who sell apparel and shoes. Similar commodities as in the 'Chinese' zone are offered to the north and south of the stadium (Area 2 and 6), yet a significant detail distinguishes these areas; the space is not as crowded and the sellers are mostly ethnic Russians, the majority of them women. At the northern end of the market is a larger accumulation of kiosks and containers staffed by Russian salespersons (area 7). These closed booths feature vegetables, meat, fish, and pre-packed food items. Adjacent to this zone, is a small alley with approximately ten cook shops offering Chinese dishes (area 9). The individual shops are equipped with a small kitchen and provide room for two to four tables. In addition, several Chinese vegetable and food traders offer produce for Asian dishes, thus mostly catering to the Asian communities of Vladivostok. In the north-western corner of the market, easily accessible by car or van, Chinese traders advertise large household items, like rugs and furniture, and electrical appliances (area 10). Several smaller warehouses function as storage and display areas. To the east of the stadium (area 5), remodeled container and kiosks are lined along an alley that runs parallel to the stadium's perimeter. Russians sell here vegetables and pre-packed food items. Some Central Asian and Chinese fruit and vegetable dealers are also among them. Between this zone and the stadium is another area/niche of distinct commodities and traders (area 8). Chinese sellers offer here electric appliances and household goods that are displayed on large, tarp-covered tables. Adjacent to the south, is a zone of the market, which is characterized by open and improvised stands (area 4), which are normally disassembled at the end of the market day. Russian, Azeris, and Central Asians sell here seasonal fruits and vegetables. This area is accessible by road from two sides, thus easing the delivery of larger vegetable and fruit quantities. Just left of this area is a zone used at the beginning of the winter season by Russian traders to sell fur hats (area 3).

3.2.3 Vtoraia Rechka

Just to show the variety and point out to similarities in architecture and ethnic zoning, I will introduce here briefly yet another Chinese market of Vladivostok. The Vtoraia Rechka market is located in the northern part of the city, adjacent to the long-distance bus terminal and close to the main traffic artery leaving Vladivostok towards the north into the direction of Artem and Ussurisk, where the main wholesale base for Chinese goods in Primorskii Krai is located. Like the Sportivnaia market, the Baliaeva market consists of different zones; economic niches that are occupied by different ethnic groups offering specific commodities (see Figure 7).

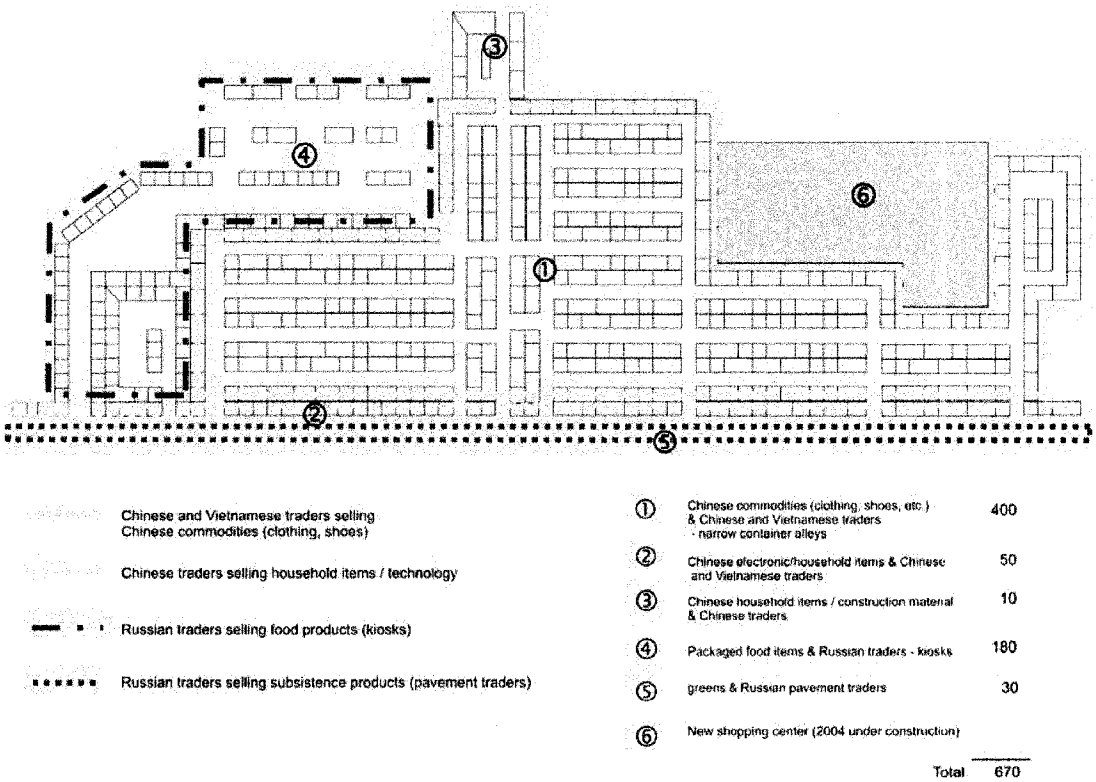

Figure 7: Vtoraia Rechka open-air market

As in the case of the other two Chinese markets, this market's core zone consists of Chinese and Vietnamese traders, selling Chinese apparel and shoes from shipping containers that are arranged to form several narrow alleys (area 1). Smaller booths line the front of the market (area 2). Chinese and Vietnamese traders sell electric appliances, household utensils, and a variety of hardware. A similar assortment can be found at the backside of the market (area 3). Chinese traders sell at large stands plastic toys, hardware and home improvement materials. The Chinese zone is encompassed on one side by kiosks and container booths, which offer pre-packed food items, meat, and milk products (area 4). The traders are solely Russians. Although spatially part of the same market, this zone is managed by a different company from the rest of the market, which has its own administration.

The periphery of the market, which is a larger boardwalk between the actual stands and an access road, is occupied by pavement traders (area 5). Russian women sell greens and other subsistence gardening products, *semichki* (sunflower seeds), and music tapes from makeshift tables along the road. Similar to the Baliaeva market, a newly built multi-story shopping mall has been erected next to the market zone (area 6). In 2004 it was still under construction.

Despite the different layouts of the three described open-air markets, similar features appear in each of the sites. Different ethnic groups specialize on certain commodities and occupy a specific space in relation to the overall market. In addition, these economic niches are characterized by distinct architectural features of the respective sales stands. The figure below outlines these similarities in an exemplary and ideal-typic form (Table 1).

Table 1: Spatial order of a "Chinese market"

Commodity or Service	**Architectural Feature of the market place / stall**	**Location on the market**	**Ethnic Group**
Clothes Shoes Electronic appliances Plastic toys Kitchenware Household goods (products all made in China)	Covered container stands or semi-permanent building blocks Thematically ordered 'streets' Combined and covered by blue tarps	Center (Clothes are more in the center, electronic appliances tend to be more at the periphery)	Chinese,Vietnamese, and Russians (mostly Chinese stand owners)
Shoe repair	Small improvised stands	Periphery of the Chinese section	Chinese
Dried fruits and nuts	Open stands	Periphery	Azeris / Armenians, occasionally Central Asians
Restaurants / bars (*shashlik / shurma*)	Small buildings	Periphery, mixed in between	Azeris / Armenians, Russians (as employees)
Chinese Food (Rice, *lapsha*, etc.)	Small bicycles with front hanger	Cruising between the Chinese stands and catering to Chinese sellers	Chinese
Vegetables (in winter: Chinese origin; in summer: sometimes local)	Open, sometimes tarp covered stands	Periphery	Russians, Central Asians,
Packed goods (produkty) (Russian or European origin)	Container kiosks	Separate market section / street, separate part of the market	Russians
MCs, CDs	Open, small stands or tables	Periphery or mixed in between (depending on space)	Russians
Pickled Cabbage (Kimchi)	Covered stands	Close to Russian food stands	Russian Koreans
Second hand goods in small quantities (Household goods, electronic parts)	Tarp or small table on the street	Outer periphery	Russians (mostly older women or man)
Snack food (*beliashi, pirozhki*)	Small, often improvised shops	Mixed in the Russian section of the market	Russian women
Nuts, seeds (*semichki*)	Tarp or small table on the street	Outer periphery	Russian women ('*babushki*')
Seasonal products in small amounts – pickles, ushrooms, berries (Dacha products or gathered foods)	Small stand, or small table on the street	Outer periphery	Russian women ('*babushki*')

3.2.4 Lugovaia Square

The foregoing descriptions and topographic sketches of the largest three open-air markets in Vladivostok (Baliaeva, Sportivnaia, and Vtoraia Rechka) are of course only momentary snapshots of a highly dynamic market system in constant flux. Traders leave the markets on a regular basis, seasonally or permanently, new entrepreneurs arrive, formerly employed sellers advance to stand proprietors, and new ethnic groups move into vacant economic niches. These changes are reflected in new spatial and economic structures as well as in a transformed market topography.

One prominent and recent phenomenon has begun to alter the appearance of street markets in Vladivostok in a lasting way. As mentioned above, next to some of the established open-air markets (Baliaeva and Vtoraia Rechka) new shopping centers were under construction during my fieldwork in 2004. These shopping centers offer rental stores and boutiques for prospective traders in multi-story buildings and are part of a process of formalizing and ordering the informal trade in Vladivostok's open-air markets. According to the vice-director of the Baliaeva market, it is only a matter of some years that the open-air markets will eventually disappear and the former street traders will have settled in the new shopping centers and, "then we will have eventually a civilized trade." I present here yet another of Vladivostok's open-air markets to illustrate this process. The street market around Lugovaia Square, located at an infrastructural hub at the eastern end of Svetlanskaia Street is an apt example of a rapid topographic transformation of an open-air market into a shopping center, which led to the disappearance of the local Chinese open-air market. Lugovia Square hosted one of the oldest open-air markets in Vladivostok. Relatively small in size, it nevertheless offered for years Chinese commodities and food items at a central location in the city. The market featured a central Chinese garment section, kiosk with food items, and an open-air vegetable market. In addition, at the northern end, the market incorporated several larger buildings, which housed meat and dairy stands, a small indoor vegetable market, and storage areas (Figure 8, sketch 1).

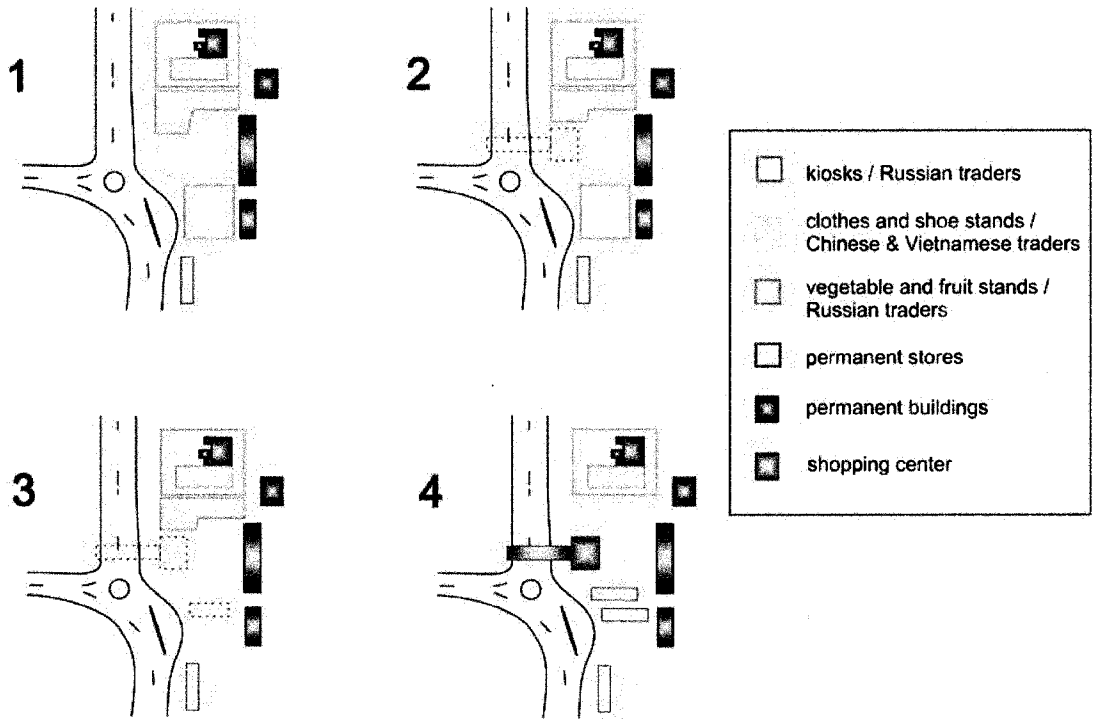

Figure 8: Spatial transformation of the Lugovaia market (summer 2004)

Construction work on the shopping center (a multi-story building that includes a pedestrian overpass[128]) started in 2003, and reduced the size of the market's Chinese section considerably (Figure 8, sketch 2). Larger changes followed. In mid-August 2004, flat-bed trailers and cranes arrived at the square. A decision by the newly elected city administration asked for the removal of kiosks and booths from the square to clear the space around the newly-built shopping center (Figure 8, sketch 3).[129] For several days, kiosks, containers, and ramshackle stands were attached to steel cables of large cranes and heaved onto the flatbeds of waiting trucks. After one week of work the square around

[128] The overpass is a bottleneck for pedestrians, the only save way to cross the heavily frequented streets that surround the square and to reach the Lugovaia bus station from Svetlanskaia Street.
[129] Viktor Kudinov, "Ploshchad' Lugovaia stanet vyshe," *Zolotoi Rog*, special issue "Stroim Gorod," 19 October 2004.

the shopping center was cleared, like nothing had ever obstructed the view onto the new shopping overpass. Only four rows of kiosks remained on the open square. At the same time, Vietnamese pavement traders began to reclaim part of the square. Selling clothes from big heaps that were spread on blankets covering the ground, these highly mobile traders offered their merchandise at sell-out prices, attracting large crowds of shoppers. A chaotic shopping frenzy went on for several days, a last rise against the new order. Several weeks later, the last kiosks were removed, an additional store building was rapidly constructed, and the square was cleaned of the leftover debris (Figure 8, sketch 4).

In addition to the topographic changes of the markets, increased consumer demand, higher wages and changed consumption behavior led to a qualitative change in the merchandise offered in the markets. During the first years of Chinese imports into the Russian Far East, mostly merchandise of lesser quality made it into the street markets. This situation has changed over the years. Nowadays, Chinese goods of a better quality and with a higher price tag can be found on all of Vladivostok's markets, especially in the boutiques of the shopping centers.

I talked with Marina, a 34 year old flower seller in one of the boutiques in the newly built shopping center's main building. Marina ran a little shop in the flower section on the basement level for which she paid a monthly rent of US$300. The flowers, which she arranged in her shop to bouquets, are delivered by an Azeri wholesale trader, who imports the flowers from Moscow. She complained about the high store rents in the new shopping center. The new boutiques in the overpass cost an average rent of US$ 500 per month. These relatively high rental prices, if compared to a stand on an open-air market, make it often not affordable for former market traders to move their business into the new shopping centers. Small-scale traders on Lugovaia Square are clearly at a disadvantage, faced with eviction from the open-air market, but unable to afford the higher rents in the shopping center. Marina sees the events in the Lugovaia market as a general trend in contemporary Vladivostok:

> More and more small-scale traders begin to disappear from the markets. Chinese and Azeris are moving into the gaps. If you want to start your own little business you have to know all those different laws, pay very high taxes and take care of all those special requirements, like building codes or sanitary inspections. If you don't know the laws, you have to pay. Not knowing the laws is one of the main problems of us small-scale traders.

Marina hints here at another, more hidden aspect of the markets' transformations. When open-air markets started in Vladivostok and the Russian Far East at the beginning of the 1990s, almost all of the traders and sellers were Chinese nationals. At the end of the 1990s though, the street markets presented a slightly different picture. Russian and Vietnamese sellers appeared in the markets in larger numbers and replaced Chinese nationals at the store fronts. Chinese traders moved in the background as stand owners, wholesale traders, or importers, thus establishing themselves as a middleman minority in the Russian Far East.[130] Economic niches formerly filled by Chinese, specifically the retail trade and cross-border transportation of merchandise, have been taken over by Russians and Vietnamese. Various Chinese traders had created enough venture capital during the 1990s to invest it now in wholesale trade or permanent stores in the new shopping centers. Russian nationals employed in those stores often act as a front for the actual Chinese owner. This is especially true for the new shopping centers, where stricter rules are applied in respect to illegal employment and work. The manager of the Baliaeva market summed up this situation in the following words, "The Russians run the trade only on paper, in fact, Russian nationals are just the regular sales persons. The whole profit is made by the Chinese."[131]

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[130] Huber Blalock introduced in the late 1960s the concept of middleman minorities into Sociology. He defined this specific group as an ethnic minority that fulfills the role of middlemen between producer and consumer, employer and employee, owner and renter with a tendency to concentrate on certain occupations like trade and commerce. See Hubert M. Blalock, *Toward a Theory of Minority Group Relations* (New York: John Wiley, 1967).

[131] Iurii Nurmukhametov, "Tvoia moia pomogai," *Zolotoi Rog*, 20 July 2004.

3.3 Open-air markets in the former Soviet Union

Nowadays, the whole Lugovaia has been reduced to a vast, rough, and dirty bazaar
Journalist, Vladivostok

Since the late 1980s – in 1988 China signed an agreement with The Soviet Union on visa-free cross-border travel – Chinese traders have imported food products and consumer goods to supplement the Soviet economy tormented by chronic shortages.[132] In the early 1990s open-air markets dominated by Chinese nationals were opened in the larger cities in the Maritime Province (Vladivostok, Ussurisk, Nakhodka) selling a wide variety of imported goods from China. According to a retail trader I interviewed in Nakhodka in 2002, during the early years after the dissolution of the Soviet Union the profit margin of Chinese goods sold in the Russian Far East was around 80%. This dropped in the last years to a still substantial 50%.

Since early 1994, Chinese economic activities in the Far East and Siberia have been curbed by the Russian state, followed by a crackdown on foreign retail traders by government authorities.[133] At the same time Chinese economic activities seem to have consolidated, as an increasing number of Chinese traders switch their capital from retail trade to joint ventures with Russian companies. The number of Russian and Chinese joint ventures increased substantially after 1994.[134] Despite these business ties, after 1996 the number and output of these joint ventures gradually declined.[135] During my field visit to

[132] Mikhail A. Alexseev, "Chinese Migration in Primorskii Krai: An assessment of its scale, socioeconomic impact and opportunities for corruption," Working Paper, November 1999.
[133] Caroline Humphrey, "Traders, 'Disorder', and Citizenship Regimes in Provincial Russia," in *The Unmaking of Soviet Life: Everyday Economies after Socialism*, ed. C. Humprhey (Ithaca: Cornell University Press, 2002), 92.
[134] Mikhail A. Alexseev, "The 'Yellow Peril' Revisited: The impact of Chinese migration in Primorskii Krai," PONARS (Program on New Approaches to Russian Security Policy Memo Series), Memo No. 94 (1999), 2.
[135] Mikhail A. Alexseev, "Are Chinese Migrants at Risk in Primorskii Krai? Monitoring interethnic relations with opinion and event data," paper presented at the 5th Annual Meeting of the Association for the Study of Nationalities, Colombia University, New York, 13 April 2000, 5.

Vladivostok in 2002 and 2004, Vietnamese nationals had replaced most of the Chinese retail sellers in the city's open-air markets. Nevertheless, major Chinese trading centers still exist in other towns (especially in Nakhodka and Ussurisk) and continue to play an important role for local consumers.

Open-air markets are of course not a phenomenon solely confined to the Russian Far East, neither are they confined to the period after the breakdown of the Soviet Union. Petty trading on open air-markets started already in the 1970s in Hungary and the first 'suitcase traders' appeared in Poland during the 1980s.[136] Petty trading under state socialism took advantage of rising consumer demand and restricted trade. Already then, ethnic groups settled successfully in this economic niche, taking advantage of their international social networks to acquire merchandise that was in high demand in their host country. For instance, during the 1980s in Czechoslovakia, Vietnamese traders specialized in the manufacturing of jeans and sportswear, with the raw materials being shipped from their home country, and sold it at informal street markets.[137]

The breakdown of the Soviet Union led to an explosive rise in open-air markets in the successor states. Several factors were responsible for this rise. A weakened retail sector and inefficient wholesale trade led to alternative sales and distribution strategies. Informal trade networks flourished in absence of strong formal economic organizations. For consumers, open-air markets present a cheaper alternative to regular shops. For instance, produce sold in Vladivostok's street markets is on an average 20 to 30 percent cheaper than in the city's food stores or supermarkets. Thus, on this level open-air markets satisfy the demand for cheap consumer goods. Even brand-named clothes, although often counterfeited, are available to the average consumer at a fraction of the normal price. In addition, due to the relatively small volume of merchandise, petty traders are able to quickly react to fashion trends and changing consumer demand.[138] In

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[136] Allan M. Williams and Vladimir Balaz, "Winning, then Losing, the Battle with Globalization: Vietnamese petty traders in Slovakia," *International Journal of Urban and Regional Research* 29, 3 (2005), 535-536.

[137] Ibid., 538.

[138] Immigrant garment firms in urban centers of the US, for instance, succeed on the availability of short-run products that larger firms cannot handle effectively. See Mirjana Morocvasic et al., "Business on the

the case of Vladivostok, relative short supply lines to Chinese production sites and wholesale markets increase reaction time even more. In that sense, street markets fulfill an important function in the post-Soviet economic sphere, as Endre Sik and Claire Wallace have observed, "The open-air markets are the bridge between low or declining incomes and rising consumer aspirations in countries where large parts of the population have been plunged into poverty at the same time as being offered greater 'freedom' to consume."[139]

Open-air markets in the former Soviet Union share common characteristics. Considerably varying in size, from little street corner markets to large multi-million dollar franchises, these markets incorporate different forms of informality.[140] Although open-air markets are often long-term institutions in different countries, they are non-formal institutions, especially in terms of taxation. Companies that run large-scale open-air markets usually pay federal taxes on their income, yet the traders themselves and their merchandise are normally beyond the reach of tax authorities. Different levels of formality can also exist within a given market. These existing informalities make open-air markets especially attractive for investment-poor traders who often operate on the brink of illegality. The informal quality of most open-air markets also offers business opportunities outside of official control for immigrant traders, who are a dominant feature of open-air markets in the former Soviet Union.

Open-air markets are often regarded with distrust and seen as a source of disorder among the local population.[141] Vladivostok is here no exception. Limited room,

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ragged edge: Immigrant and minority business in the garment industries of Paris, London, and New York," in *Immigrant Entreprenuers: Immigrant and ethnic businesses in western industrial societies*, eds. R. Waldinger et al. (Beverly Hills: Sage, 1990).

[139] Endre Sik and Claire Wallace, "The Develpoment of Open-air Markets in East-Central Europe," *International Journal of Urban and Regional Research* 23, 4 (1999), 712.

[140] Probably the largest open-air market in the former Soviet Union, the Seventh-Kilometer market outside of Odessa, Ukraine, has approximately 16,000 traders with estimated daily sales as high as US$20 million. See Steven Myers, "From Soviet-Era Flea Market to a Giant Makeshift Mall," *New York Times*, 19 May 2006.

[141] Trading minorities are often made responsible for creating the 'disorder' on these markets. See Humphrey, "Traders, 'Disorder', and Citizenship Regimes in Provincial Russia,"90. Following a similar simple logic of immediate causality, foreign traders are directly associated with the unsanitary conditions prevalent on street markets. See Chris Hann and Ildiko Hann, "Samovars and Sex on Turkey's Russian Markets," *Anthropology Today* 8, 4 (1992), 4.

improvised sale booths, and crowded shopping alleys evoke the image of a chaotic space void of any order and regulation. A journalist of a local newspaper complained about this chaos in one of Vladivostok's street markets, "Nowadays, the whole Lugovaia has been reduced to a vast, rough, and dirty bazaar [*torzhishche*]."[142]

Beyond the value judgments on the physical appearance of the markets, the negative evaluations are also based on a number of more hidden experiences. Transactions between sellers and buyers on the markets are in terms of available knowledge asymmetric relationships.[143] Usually, a seller has more information on the real value of his goods than a buyer, which creates an economic disadvantage for the latter. In addition, flexible price categories are a new phenomenon in post-Soviet Russia. Consumers had to accustom themselves to this reality by acquiring new skills, like persistent haggling and rigid price comparison. Nevertheless, general suspicion of being cheated remains when shopping on the open-air markets, like one customer on the Sportivnaia market expressed to me, "I have problems with people from the Caucasus and Central Asia, they cheat you all the time. You buy a kilo of vegetables from them and they cheat you by 300 grams." Rigged scales, a common phenomenon among vegetable traders on Vladivostok's street markets, have only accentuated consumer mistrust towards trading minorities.

The quality of goods originating from China is an often discussed topic among regular market shoppers. Chinese merchandise, especially clothes and shoes, are regarded as being of lower quality than Russian or Western products, yet this view is not applied indiscriminately. Russian traders with personal experience of wholesale markets in China often stress the high quality standards Chinese apparel manufacturers have adapted in recent years, as an experienced Russian stall owner noted, "The quality of

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[142] Svetlana Zhukova, "Ploshchad bedy: Segodnia vsia Lugovaia prevratilas' v ogromnoe griaznoe torzhishche," *Vladivostok*, 6 June 2001.

[143] Clifford Geertz has addressed this fact in his study on peddlers in Indonesia as "role asymmetry." See Clifford Geertz, *Peddlars and Princes: Social change and economic modernization in two Indonesian towns* (Chicago: University of Chicago Press, 1963), 34. See also Frank S. Fanselow, "The Bazaar Economy: How bizarre is the bazaar really?" *Man* 25, 2 (1990), 251.

Chinese merchandise can be very good, although most of it doesn't make it to Russia, it is sold in China or in the West."

Negative judgments are also imputed to vegetables from China, which are known among shoppers as being highly contaminated with pesticides. During the winter months, almost all of the vegetables on the markets are imported from China. Only during the summer season does local produce appear on the market, although still underrepresented, as one woman that runs a little vegetable stall on the Sportivnaia market explained to me:

> Because of the foreigners our people don't plant their own gardens. They beat us down with the price and that is why our fields are empty, although we have a lot of farmland here in Primorskii Krai. And even if they [local farmers] come here to the market, the transportation costs are too high and they are not given a place on the market. That I know for sure. The people who come from the Caucasus, they are nice people, I like them personally, but our people cannot compete with their prices. Even though, our agricultural possibilities are not worse or even better than theirs. (Russian, female, 63 years)

Consumers are very conscious about the origins of products and food items offered on the open-air markets. Questions on the origins of certain produce are asked on a regular basis. "*Eto nashi* (are these ours)?" is a common question that guides the customer through the market's maze filled with foreign commodities.[144] Compared to Soviet times, where the consumer was located at the receiving end of a state orchestrated

[144] Melissa Caldwell has shown clearly how Russians are strongly guided in their consumption strategies by the dichotomous concept of *nash* (ours) and *ne nash* (not ours). See Melissa Caldwell, "The Taste of Nationalism: Food politics in post-socialist Moscow," *Ethnos* 67, 3 (2002), 309-311. This dichotomy has a long history in Russian thought that traces back to Soviet times. See Alexei Yurchak, *Everything Was Forever, Until It Was No More: The last Soviet generation* (Princeton: Princeton University Press, 2006), 103.

economic distribution system, in post-Soviet times product choice is at the center of consumption behavior.[145]

Although a general animosity towards foreign traders and their commodities exists, xenophobic notions are usually weighted against economic incentives and advantages. The following responses of consumers interviewed on the Sportivnaia market mirror these disparate views:

> I don't like the Chinese in the market; they are too aggressive, always trying to push their goods on us. But if we would buy all our clothes in the shops, our money would not be enough. (Russian, female, 16)

> I don't like the Chinese, there just too many here in Vladivostok. If you go to the market, you don't see any Russians anymore, just Chinese or people from the Caucasus. (Russian, female, 28)

> I don't like that the Chinese make so much money here and the Russians [rossiiany] stay without jobs. But what would we do without the Chinese here. (Russian, male, 20)

> Of course, the quality of vegetables from China is lower, but what can you do here in the winter. There are no other vegetables in the winter beside the ones from China. The Chinese feed us. You see, I have nothing against the Chinese, they just work here and they are good workers. (Russian, female, 45)

> There are a lot of foreigners on the market, but we depend on them. The Russian products are just more expensive, even the Chinese products that are sold by

[145] Caroline Humphrey, "Creating a culture of disillusionment: Consumption in Moscow, a chronicle of changing times," in *Worlds apart: Modernity through the prism of the local*, ed. Daniel Miller (London: Routledge, 1995), 45.

> Russians are more expensive. I can even bring back and exchange jeans that I have bought and that do not fit well. (Russian, female, 50 years)

It is important to see these statements in the context of contemporary labor migration in Russia. The perception of migrants by the local population plays an important role in the value judgments of Vladivostok's open-air markets.

3.4 Labor migration into the Russian Far East – perceived and real threats

> *Throughout the history of economics the stranger everywhere appears as the trader, or the trader as stranger*
>
> Georg Simmel

Labor migration after the breakdown of the Soviet Union into the Russian Far East involved different ethnic groups that arrived in different immigration waves. Labor migrants in the Primorksii Krai concentrated mostly on the larger cities, like Vladivostok, Nakhodka, Artem, and Ussurisk. The latter played a major role as a migration hub, especially for Chinese migrant workers. Due to its proximity to China and its central location in Primorskii Krai, Ussurisk functioned as a reception camp for labor migrants. Several waves of labor migration into Primorskii Krai can be distinguished.

The first large-scale migration from the Caucasus region was composed of Armenians and Azeris and took place already during the 1980s. Several push and pull factors were responsible for this wave of Armenian labor migration during Soviet times. Mubaris Akhmedov distinguished three main reasons for labor migration among Azeris: (1) a general military draft during the Soviet Union that led to the wide dispersion of Azeris on the territory of the former Soviet Union; (2) job vacancies during the Soviet

Union in the merchant marine and in the fisheries fleet; (3) the deteriorated economic situation in Azerbaijan after the Nagorno-Karabach conflict.[146] The regional conflict between Armenia and Azerbaijan at the beginning of the 1990s led to the latest wave of immigrants from that region, staring in 1994. Migration from regional conflicts and wars after the breakdown of the Soviet Union plays an important role in recent migration flows to Russia. In 1994, approximately 500,000 refugees from territories of the former Soviet Union found shelter in Russia.[147] In 2000, according to leaders of the Diaspora groups, 25,000 Armenians and 21,000 Azeris were resident in Primorskii Krai.[148] In general, immigrants who arrived at an earlier stage tend to be more established than the more recent migrants as their housing situation illustrates. Among the Armenian Diaspora in Primorskii Krai approximately 50 percent own their own apartments, but only 20 percent of the Azeri migrants do so likewise.[149]

During the early 1990s another wave of migrants came to the Russian Far East. Russian Koreans arrived by the thousands in Primorskii Krai between 1991 and 1994. Deported in the 1930s from the Russian Far East to Central Asia, namely Kirghizstan and Kazakhstan, most of the Russian Koreans are by now native Russian speakers and see their migration to the Russian Far East as a return to their home country. Approximately 26,000 Koreans are currently living in Primorskii Krai.[150]

The Russian Koreans have to be distinguished from migrant workers from North Korea who arrived during the same time period, yet in far lesser numbers. In 1995 there were 3956 registered migrant workers from North Korea in the Promorskii Krai, employed in construction business and as agricultural farm labor. In 1995 the former Governor of Primorskii Krai, Evgenii Nazdratenko, signed a contract with the North

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[146] Mubaris A. Akhmedov, "Migratsiia Azerbaidzhantsev na Dal'nii Vostok Rossii i problemy ikh adaptatsii," in *Adaptatsia etnicheskikh migrantov v Primor'e v XX v.*, eds. A. S. Vashchuk and E. N. Chernolutskaia (Vladivostok: DVO RAN, 2000), 190-192.
[147] V. I. Mukomel, "Demograficheskaia posledstviia etnicheskikh i regional'nikh konfliktov v SNG," *Sotsiologicheskie Issledoivania* 6 (1999), 66.
[148] Angelina S. Vashchuk, "Adaptatsia etnicheskikh migrantov iz Rossii i SNG v Primor'e (90-e gody XX v.)," in *Adaptatsia etnicheskikh migrantov v Primor'e v XX v.*, eds. A. S. Vashchuk and E. N. Chernolutskaia (Vladivostok: DVO RAN, 2000), 159.
[149] Ibid., 176.
[150] Ibid., 159.

Korean government for the employment of up to 10,000 North Korean workers in the region. Despite this political effort, the numbers of North Korean workers dropped consecutively to 2373 in 1999.[151] In 2004, most of the North Korean labor migrants were employed in the construction business, earning only minimum wage of US$ 20 to US$ 100 per month. The very presence of these workers was mostly visible along Vladivostok's Svetlanskaia Street, where the facades of classical buildings were remodeled by North Korean construction teams.

Another group of Asian migrant workers is composed of Vietnamese nationals who arrived already during Soviet times in the late 1980s. As *sotsialisticheskii gastarbaiter* (socialist immigrant worker) they were under strict state control and used to fill gaps in the local labor market, especially in the construction business and textile industry.[152] After the breakdown of the Soviet Union, which resulted in the ruble being no longer transferable to Vietnamese currency, most of the Vietnamese workers switched their occupation and started to work as traders on the open-air markets.

Chinese migration into the Russian Far East can be divided into four different stages. The first wave of migrant workers arrived from China already during the mid-1980s.[153] During that time the legal pretext was created, which allowed Russian state enterprises to sign contracts with Chinese partners. Chinese workers were mostly employed as construction workers and farm labor in Primorskii Krai. With the dissolution of the Soviet Union a second wave of migrants arrived. The number of border crossings increased by a factor of almost five.[154] This stage was characterized by almost no state control of the immigration flow and a steady increase of entrepreneurs and traders who entered the Russian Far East under the disguise of tourism. During the third

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[151] Ibid., 198.

[152] Angelina S. Vashchuk et al., *Etnomigratsionnye protsessy v Primor'e v XX veke* (Vladivostok : DVO RAN, 2002), 197.

[153] Viktor Larin, *Kitai i Dal'nii Vostok Rossii v pervoi polovine 90-kh: Problemy regional'nogo vzaimodeistviia* (Vladivostok: Dal'nauka, 1998), 107.

[154] The most frequented border crossing in the Primorskii Krai, the Grodekovo border post near Pogranichnyi, registered in 1991 46,000 border crossings, and in 1992 already 200,000. Although these numbers include the frequent and multiple border crossings of Chinese tourist traders, they nevertheless illustrate the substantial increase in border traffic between Russia and China. See Vashchuk, *Etnomigratsionnye protsessy*, 200.

stage, which lasted between 1994 and 1998, the Russian state tried to curb and control the migration flow, especially the illegal overstay on tourist visa. During this time an occupational shift occurred in the Chinese migrant population. More Chinese migrants started to work as traders than in the construction or agricultural sector.[155] In addition, well educated and connected Chinese entrepreneurs arrived and founded an increasing number of import-export companies in Primorskii Krai. The financial crash of the Russian ruble in 1998 induced the fourth wave of Chinese visitors. During the summers of 1999 and 2000, the Russian Far East and especially Vladivostok saw a large increase of Chinese tourists from the neighboring Heilongjiang Province. Despite reduced consumer demand after the financial crisis, many Chinese businessmen had by now established profitable import and export businesses, ranging from wholesale import of Chinese merchandise to the export of Russian timber.

The migration of Chinese traders into Russian cities, the mushrooming of open-air markets, the influx of foreign goods, and the development of new political structures led to fundamental transformations in post-Soviet Russia.[156] The total number of Chinese nationals visiting Primorskii Krai increased from 40,000 in 1994 to 73,000 in 1998. Although the region's economy has benefited from Chinese traders who provided urgently needed food supplies and consumer goods, the cross-border flow of people, goods, and services created security concerns and socio-economic grievances among political elites and local residents.[157] Public and official perceptions of these processes are framed and summoned in reference to a new "yellow peril."[158] Reversal of population growth in Russia, growing rates of unemployment and emigration of ethnic

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[155] N. Barineva, "Trudovaia migratsiia na Dal'nem Vostoke," *Ekonomist* 3 (1997), 15.
[156] Galina Vitkovskaia and Zhanna Zaionchkovskaia, "Novaia stolypinskaia na Dal'nem Vostoke Rossii: nadezhdy i realii," in *Neterpimost' v Rossii: starye i novye fobii*, eds. G. Vitkovskaia and A. Malashenko (Moskva: Moskovskii Tsentr Karnegi, 1999).
[157] Alexseev, "The 'Yellow Peril' revisited," 1.
[158] Viktor Larin, "Yellow Peril Again? The Chinese and the Russian Far East," In *Rediscovering Russia in Asia: Siberia and the Russian Far East*, eds. S. Kotkin and D. Wolff (London: M.E. Sharpe, 1995); Galina Vitkovskaia, "Does Chinese Migration Endanger Russian Security?" Carnegie Moscow Center Briefing Papers, Issue 8 (August 1999).

Slavs to central regions of the Russian Federation have strengthened the position of those who see the Russian Far East affected by a demographic pressure from China.

Official agencies and the Russian press are increasingly alarmed over the problem of migration from China. An outspoken fear persists that mass resettlement from China may intensify competition on the Russian labor market, with the effect of draining the country of hard currency resources, creating social problems, increasing crime, and endangering the Russian population's health.

Victor Larin, director of the Vladivostok Institute of History, analyzed print media coverage of Chinese migration into Russia between 1993 and 1995 and counted more than 150 articles referring to a "yellow peril" in the Russian Far East.[159] Some of these articles claimed that up to 150,000 illegal immigrants were settling in Primorskii Krai, as part of a total of up to two million Chinese nationals in the Russian Far East. A report published by the newspaper *Vladivostok* in 1996 stated that from 1993 to 1995 almost half a million Chinese nationals had traveled to Primorskii Krai, but that only a third of them registered while the rest moved to other parts of the Russian Federation.[160] However, the unavailability of that report to a wider public and the sheer impossibility to count all these illegal immigrants make these numbers highly unlikely. In addition, one wonders about the location where the allegedly hundreds of thousand Chinese are actually living. Although rumors are abundant, which tell of Chinese villages hidden from officialdom in the countryside, none of those villages have ever been detected.[161] The largest known compact Chinese settlement in the Primore is located in Ussurisk, with a moderate population of around 2,000.[162] Chinese settlements with populations numbering in the tens of thousands can be seen as modern urban myths or simply attributed to misinformation.[163]

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[159] Larin, *Kitai i Dal'nii Vostok Rossii v pervoi polovine 90-kh*, 74-75.
[160] Ibid., 106.
[161] Humphrey, "Traders, 'Disorder,' and Citizenship Regimes in Provincial Russia," 92.
[162] Mikhail A. Alexseev, "Chinese Migration in Primorskii Krai: An assessment of its scale, socioeconomic impact and opportunities for corruption," Working Paper (November 1999), 2.
[163] Vitkovskaia, "Does Chinese Migration Endanger Russian Security?" 2.

Proponents of the "yellow peril" argument often cite the demographic imbalance between the southern districts of the Russian Far East – Primorskii Krai, Khabarovskii Krai, and Amurskaia Oblast – and the adjacent Chinese Heilongjiang Province. In the Russian provinces the general population size is about five million, compared to 100 million across the border in China.[164] The perceived threat of a Chinese demographic pressure is accentuated by unfavorable demographic developments in the Russian Federation. A falling fertility rate combined with increasing mortality has produced a significant decrease in Russia's population. From 1992 to 1998, Russia's population declined by approximately 1.4 million.[165] Out-migrations of ethnic Russians from northern and eastern Regions of the Russian Federation have magnified the perception of a threatening population decline.

At this point it is important to distinguish between perceived and real threats. There is hardly any reliable information on the size, composition, and behavior of the Chinese population in Russia.[166] Population statistics, especially of immigrants, are often used by local elites to play political games with the central administration in Moscow and to manipulate public opinion.[167] The Carnegie Moscow Center estimates the number of Chinese migrants in the Russian Federation at several hundred thousands.[168] Although, official estimates of arrivals of Chinese number half a million, these numbers are often inflated, double counting for example shuttle traders during their multiple entries into the country. Compared to other developed countries the number of Chinese in Russia is relatively low. But given the fact that during Soviet times there were virtually no Chinese in Russia, the sudden increase after the breakdown of the Soviet Union is perceived as a threatening fact. Most of the Chinese nationals who enter Primorskii Krai visa-free on tourist permits are engaged in cross-border trade or local business. Although the total

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[164] Ibid.
[165] Theodore Gerber, "Russia's Population Crisis. The migration dimension," PONARS (Program on New Approaches to Russian Security Policy Memo Series) Memo No. 118 (1999), 1.
[166] The latest all-Russian census, conducted in 2002, is here of little help either. According to the census data, 3476 Chinese were resident in Primorskii Krai in 2002, a number that by no means reflect the present reality. See Federal'naia Sluzhba Gosudarstvennoi Statistiki, "Itogi vserossiiskoi perepisi naseleniia 2002 goda," electronic document, http://www.perepis2002.ru/index.html?id=17, accessed 9 June 2006.
[167] Vitkovskaia, "Does Chinese Migration Endanger Russian Security?" 2.
[168] Ibid., 1.

numbers of Chinese visitors entering Primorskii Krai on tourist permits rose gradually from 40,000 in 1994 to almost 80,000 in 1998, the numbers who failed to return dropped significantly from 15,000 in 1994 to below 300 in 1998 (see Table 2 and Table 3).[169]

Table 2: Number of Chinese nationals in Primorskii Krai as registered by passport inspection and hotel registration[170]

Year	Registered Chinese nationals	Stated goal of visit		
		Work	Short-term visit	Tourism
1994	39276	7002	13705	18569
1995	35267	6715	10217	18335
1996	36924	5853	9584	21505
1997	52979	5965	8763	39095
1998	73547	2926	9159	61396
1999	120000	2410	6192	77000
2000	150000	~	~	100000

[169] Alekseev, "Chinese Migration in Primorskii Krai," 1.
[170] Adapted from Alesia N. Bogaevskaia, *Kitaiskaia migratsiia na Dal'nii Vostok Rossii* (Vladivostok: Vladivostokskii Tsentr Issledovaniia Organizovannoi Prestupnosti, 2002), electronic document, http://www.crime.vl.ru/docs/books/book_4.htm, accessed 19 May 2006, 19.

Table 3: Chinese tourists visiting Primorskii Krai who returned in a timely manner[171]

Year	Percentage of timely returned Chinese tourists in Primorskii Krai
1994	64
1995	68
1996	97
1997	99,1
1998	99,6
1999	99,2
2000	99,3
2001	98

The number of legally employed Chinese citizens ranged between 7000 and 8000 from 1994 to 2001, suggesting a stable and limited flow.[172] The federal migration service estimates the daily number of Chinese in Primorskii Krai at no more than 5000, which is about 0.25% of the local population.[173] This number seems to be very low, and I would suggest an estimate between 15,000 and 25,000 Chinese, legal as well as illegal, who currently live in Primorskii Krai.

Contradicting public opinion, economic activities of Chinese migrants have not generated major costs on Russian residents and in some major cities (including Vladivostok) even created economic benefits for local residents and government officials. Alekseev argues, "that the economic activities of Chinese migrants in Primor'e

[171] Ibid., 21.
[172] Ibid., 2.
[173] Alekseev, "The 'Yellow Peril' Revisited," 1.

neither generate major economic benefits for, nor impose major costs on, Russian residents and governmental offices in nearly half of the 20 cities and borderline districts of Primore."[174] In certain cases, especially in urban areas, economic benefits for the local population are even outstripping the costs. In Ussurisk, for example, the Chinese trading center has become one of the three major revenues for the local government.[175] In general, revenues from cross-border trade enhance the local tax basis and provide the larger public with eagerly needed goods. Underscoring my observations and interviews with long-time residents on the interaction between Chinese traders and Russian locals in Vladivostok and Ussurisk is Alekseev's observation that, "these interactions are cooperative by virtue of both mutual economic necessity (e.g. facing the same gangsters or the same rent-seeking official) and isolation of (rather small and dispersed) Chinese communities from the local Slavic population."[176]

The discrepancies between perceived and real threats cannot be understood as an isolated problem of the Russian Far East, but rather as part of far-ranging anti-migrant feelings in today's Russia. Xenophobic feelings are a fairly constant trend in the history of Russia.[177] Under the conditions of social and economic crisis and loosening state control, anti-migrant feelings tend to surface.[178] Picturing the main tendencies of Russia's xenophobia, Aleksei Malashenko argues that the survival of anti-migrant feelings in post-Soviet Russia cannot be satisfactorily explained by a mere removal of state control mechanisms.[179] Rather, today's Russia, lacking a liberal and democratic tradition, is unable to provide mechanisms to counteract xenophobic dispositions. Based

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[174] Ibid., 2.
[175] Alekseev, "Are Chinese Migrants at Risk in Primorskii Krai?" 2.
[176] Ibid.
[177] See for instance Jeffrey Brooks, "Official Xenophobia and Popular Cosmopolitanism in Early Soviet Russia," *The American Historical Review* 97, 5 (1992), 1431-1448; Vladimir Rabinovich, "Evrei i Irkutskoe obshchestvo (konets XIX – nachalo XX. v.)," in *Neterpimost' v Rossii: Starye i novye fobii*, eds. G. Vitkovskaia and A. Malashenko (Moskva: MoskovskiiTsentr Karnegi, 1999); Lev Gudkov, "Antisemitizm v Postsovetskom Rossii," in *Neterpimost' v Rossii: starye i novye fobii*, eds. G. Vitkovskaia and A. Malashenko (Moskva: MoskovskiiTsentr Karnegi, 1999).
[178] Daniel Rancour-Lafferriere, *Russian Nationalism from an Interdisciplinary Perspective: Imagining Russia* (Lewiston: Edwin Mellen Press, 2001).
[179] Aleksei Malashenko, "Ksenofobii v Postsovetskom Obshchestve (vmesto vvedeniia)," in *Neterpimost' v Rossii: starye i novye fobii*, eds. G. Vitkovskaia and A. Malashenko (Moskva: Moskovskii Tsentr Karnegi, 1999).

on ethnographic observations and sociological surveys, Galina Vitkovskaia traces anti-migrant feelings (*migrantofobia*) back to the sharp drop of activity and frequency of inter-ethnic, inter-regional and therefore inter-cultural communications after the breakdown of the Soviet Union.[180]

Nevertheless, the presence of the Chinese is perceived as a threat voiced in public polls. An opinion survey conducted in September 2000 by Alekseev in cooperation with the Center for the Study of Public Opinion at the Vladivostok Institute of History, Ethnography and Archaeology of the Russian Academy of Science shows that the scale of Chinese nationals in Primorskii Krai is significantly overestimated.[181] These perceptions are sometimes nurtured by rumors of China's territorial claims on certain parts of Primorskii Krai that date back to the border clash at Damaski Island on the Amur in March 1969. In addition, a growing sense of economic aggressiveness of Chinese traders, reflected in other surveys, adds to the demographic fear of being overwhelmed by a wave of Chinese people.[182]

3.5 Ethnic entrepreneurs – An Uzbek case

He just left for Magadan.
Erkin

In the following pages I present a case study of a labor migrant from Uzbekistan who ran a small stand on one of Vladivostok's central open-air markets. In the course of several

[180] Galina Vitkovskaia, "Vynuzhdennaia Migratsiia i Migrantofobiia v Rossii," in *Neterpimost' v Rossii: starye i novye fobii*, eds. G. Vitkovskaia and A. Malashenko (Moskva: Moskovskii Tsentr Karnegi, 1999).
[181] Half of the interviewees estimated the percentage of Chinese in the Primor'e to be between 10% and 20% and projected an increase of up to 40% in the next five to ten years. A large proportion of respondents (55%) believed that the Chinese pose a strong threat to Primorskii Krai. See Alekseev, "The Chinese are Coming: Public Opinion and Threat Perception in the Russian Far East," PONARS (Program on New Approaches to Russian Security Policy Memo Series) Memo No. 184 (2001), 1-2.
[182] Alekseev, "Are Chinese Migrants at Risk in Primorskii Krai?" 4.

months I had the opportunity to share his life behind a market booth. Several days of the week I spent with him in the market and occasionally sold his products by myself. This participatory observation introduced me not only to the everyday life of a market trader and his extensive social network but also allowed me to have a glance at the more hidden aspects of Vladivostok's street markets. The social embeddedness of his economic relations was a striking feature of his small business. His extended kinship network was central for his success as a foreign trader in Vladivostok. This case offers, of course, only a small glimpse into the world of the various trading minorities working in Vladivostok's open-air markets. Nevertheless, I think that this individual case has model character and that the findings can be generalized to a certain degree.

Several factors contributed to the formation of social networks among migrant traders. First, networks form on a basis of cultural similarity, which simplifies communication and understanding. Second, the choice of co-workers, wholesale sellers, deliverers, and retail sellers from one's ethnic group or extended family is based on rational motives. Family members are a cheap workforce and family ties back to the country of origin can easily be used as supply lines. A minimum effort leads here to maximum profit. Further, trust is an important factor in money transfer and exchange in the informal economic sphere of the street markets. Therefore, businesses arranged along ethnic or family ties are characterized by a high level of trust among the actors. In addition, social sanctions are much easier to enforce. Outside pressure, whether the complex bureaucratic procedures for foreign traders in Russia, discrimination at the workplace, xenophobia, or racially motivated attacks, is another factor in creating tight social networks among foreign traders in Vladivostok. Thus, kin and ethnic ties delineate a social blueprint for stability and trust among different groups in the uncertain and often unreliable space of the Russian transition economy.

Erkin came to Vladivostok in 2003. His case is a classical example of labor migration in the territory of the former Soviet Union. Erkin was born and raised in Asaka, a city of 60,000 in the Andijon Province in eastern Usbekistan. The dire economic and political situation in contemporary Uzbekistan forced him, like many other

young male Uzbeks, to find work in Russia.[183] Asked about the reason why he left his family to find work in Russia he explained to me, "There is no work in my city and very high taxes if you try to start your own business. The clan of the President [Kamyrov] is very powerful. If you are not related to this clan you can hardly find any work. My oldest brother got lucky; he found a job as a driver for the local governor. He is the only one [of my brothers] who stayed behind." Russia was for Erkin a natural choice, given his kinship ties to successfully emigrated family members who had started several businesses there. Erkin relied on a set of techniques and applied knowledge to guarantee the journey's success. First, knowledge of potential work possibilities was transferred back to him in Uzbekistan by relatives who had established small businesses in Russia during the last years. Erkin's final decision to emigrate to Russia and his choice of potential profitable cities was based on his relatives' estimates of the respective local economic situation. Second, border crossing into Russia was facilitated with forged immigration cards, which are an easily available item in the black market of his hometown. For the actual journey, a two day train ride, Erkin teamed up for safety and logistical reasons with several of his relatives. The group of travelers carried several hundred kilograms of merchandise into Russia; Erkin alone transported 200 kilograms in spices. In addition, some of the travelers had made that journey several times and were able to help Erkin in completing the necessary immigration documents. His first stop in Russia was Novosibirsk in south central Russia, where relatives of his had already established a small business. On his arrival though, he found out that the local market was already saturated with traders, thus he continued moving to Vladivostok, where his mother's brother ran several vegetable stands on the Lugovaia market. Kinship relations played an important role for Erkin to set up and conduct his business in Vladivostok. I

[183] Uzbeks and other Central Asians compose the latest immigration wave into the Russian Far East that started at the end of the 1990s. More than 700,000 Uzbek are currently working abroad and send an estimated amount of US$ 500 million home annually. See IRIN, "Uzbekistan: Focus on southern labour migration," UN Office for the Coordination of Humanitarian Affairs, electronic document, http://www.irinnews.org/report.asp?ReportID=46009&SelectRegion=Central_Asia, accessed 16 May 2006.

will address the importance of kinship in strategies of ethnic entrepreneurs later in this chapter. First, I will sketch Erkin's business from an entrepreneurial point of view.

Erkin was a spice trader. A handwritten label praised his merchandise: *Spetsi iz Uzbekistana dlia vsekh bliud' – ochen vkusno!* (Spices from Uzbekistan for every dish – very tasty!). Erkin knew how to impress his customers. When he was about to sell one of his special spice mixes, he filled half of a paper cup with an already prepared mixture. The other half was mixed freshly in front of the customer. His spoon, scooping into a variety of colorful spices, danced over his assortment of seasonings. A first time customer normally bought the smallest quantity, a small paper cup for 10 rubles. Regular customers often bought more. Erkin had several regular customers. The most popular seasoning was the one for *plov*, the national dish of Uzbekistan and also a well-known rice dish of the Russian cuisine. Erkin was not alone with his performing skills. One day I recognized at a neighboring stand a Russian woman who was selling cucumbers, 25 rubles per kilogram. Her business did well. "Cucumbers from Ussurisk," was her slogan to draw attention, and always the same question in response, "Where are the cucumbers from? Are these ours?" "They are not from China, these are ours, not Chinese, they are from Ussurisk," was her reassuring answer. Thus comforted, most of the shoppers were willing to buy. I purchased her last kilogram of the day. In the evening, the Azeri stall owner commented, slightly amused, on her sales strategy, "Cucumbers from Ussurisk! That's the way to do it! She did not even lie." The cucumbers were actually from Ussurisk, the location of the largest wholesale market for Chinese vegetables and fruits in Primorskii Krai. Erkin shortly remarked, "Of course, the cucumbers are from China, everything right now is from China, the Russians are just dumb."

In the summer of 2004, Erkin ran a small stand in the south-eastern corner of the Sportivnaia market, selling a large variety of spices that he imported from Uzbekistan. His stand was at first a simple table, where he had arranged his spices in dozens of containers. Later during the year, he acquired a half-covered showcase, which protected his goods from gushing winds and whirling dust clouds. Erkin's booth was located between a vegetable trader from Azerbaijan and a seller from Tadzhikistan who

specialized in dried fruits. Just across from Erkin's stand was a little, improvised tea house and cook shop that catered mainly to the Azeri traders of this section of the market. Older men met here regularly for tea, to play cards, and to share stories. When I first met Erkin, he had a stand in the Lugovaia market, mainly a food market in the vicinity of Sportivnaia. According to him, it was a more profitable place, mostly for the fact that his sale spot was located in a covered section of the market, which allowed him to trade even during the cold winter months. Erkin's older brother, Tolkin, had taken over this stand since he had arrived in the spring of 2004. Already accustomed to the street markets of Vladivostok, Erkin moved on to Sportivnaia to start another booth there. Most of the Uzbeks in the market work for a *khosiain* (stand proprietor), who supplies the produce in the morning and does the accounting with the seller in the evening. Many of the stand owners started as employees themselves. Artem, an Uzbek from Kyrgyzstan and a friend of Erkin, is one of those who made the step. He travels once a week to the *optovaia baza* (wholesale center) in Ussurisk, 200 kilometers north of Vladivostok, to buy his supplies, mostly vegetables and greens, and runs the stall with his brother on his own account.

During the summer months (June to September) many Uzbek traders returned to their home country. The summer in Vladivostok was *mertvyi seson* (dead season) for the vegetable traders. During this time, most of the produce in the market came from local farms. The daily wage for a vegetable seller is five percent of the day's turnover, normally between 200 and 300 rubles. Not so for Erkin, who had his own stand and owned his merchandise. He was his own *khosiain*, a fact he often stressed proudly. On good days he made up to 500 rubles.

Competition was high among the traders in this section of the market. At a neighboring stand a Kirghiz trader from Osh in the Fergana Valley complained to me, "This is not a bazaar, this is just a chaotic street. The tomatoes cost here 25, over there 20, and at this place 18. In normal markets there is at least a standard price, like in Novosibirsk." He used to have a fruit business in Novosibirsk. Grapes were his most profitable produce. On good days he had a turnover of almost US$1000. Why did he

come to Vladivostok? Artem's answer was typical for most of the Central Asian traders: "Business is very bad in Kirghizstan right now, the people grow their own produce, there are no factories, and no jobs."

Free space was scarce on the market; the demand regulated here the supply. Consequently the prices for vacant sites for stalls rose. "There are always people who are willing to pay a higher price for an open spot," summed up Erkin. A regular booth cost 4000 rubles in this section of the market, 6000 rubles per container. Erkin's rental rate was 5000 rubles a month. In addition to the stand fee, which he paid to the market administration, Erkin had a range of monthly fixed costs. He had to pay 500 rubles per month to an Uzbek racketeering group, an unavoidable fee, as he explained:

> You can't do without a *krysha* (roof). Everybody has weapons here, the Mafia looks after the order. Different Mafia groups are active in the market, Russian, Uzbek, and Chinese, each collecting protection fees from their own [ethnic group]. The members of the Uzbek Mafia are all sportsmen [*sportsmeny*], if you cross them ...

He finished the sentence with an unmistakable gesture of his fist. In addition to that protection fee, Erkin had to pay individual policemen who patrolled the market on a regular basis. Because he worked without the necessary permits, he had to bribe these policemen at the rate of 50 to 100 rubles per encounter.

Both Erkin and his stand neighbors often complained about the discrimination to which they were exposed on a daily basis in the form of police controls. The substantial fees of the numerous permits (work permit, residence permit, and sanitary inspection certificate) were the main reason some of the traders prefer to remain illegal. Even though Erkin was in possession of a valid entry visa to Russia, he lacked the essential *propusk* (residence permit) for Vladivostok. This document costs between 3000 and 4000 rubles on the black market, which is a substantial sum for an open-air market trader who just started his business. Needless to say, without a valid residence permit a work permit can not be issued. According to Erkin's cost-benefit calculation the permit was not worth

the money; rather, he opted to pay the occasional bribes, which could be a risky calculation, considering the fines which could amount to several thousand rubles. In addition, during the time of my fieldwork, an informal three strike rule was in place that spelled out a deportation from Russia and a five year ban on reentering the country if a person was caught three consecutive times without a valid residence permit. This threat made Erkin and his older brother decide to acquire a residence permit for their youngest sibling Azizbek, who had just recently arrived in the summer of 2004 and who could not adequately deal with police and bribes due to his lacking insider knowledge and Russian language skills. The status as an illegal migrant worker reduced the freedom of movement for the brothers considerably. In general, they all tried to minimize their movement inside the city, mainly limiting it to the way to and from their workplace in the markets. If the brothers notwithstanding had to travel longer distances, they usually preferred a taxi instead of public transportation to reduce the chances of running into an unexpected police control.

The market administration was regularly siding with the traders and informed them of imminent raids by the immigration police. One day I arrived late in the market and found half of the stands abandoned. I asked for the reason. Erkin explained, "Today the police were checking work permits. Somebody from the market administration warned us yesterday about it. They are on our side, because they make a lot of money from us." Occasionally, other security forces that operated in the market demanded their own share. For instance, Special Forces of the Interior Ministry (OMON) often backed up the local police on larger raids for illegal immigrants in Vladivostok's markets and therefore were also potential receivers of bribes. Personal relations with policemen or members of the OMON were an important asset for Erkin. Knowing a policeman and having bribed him successfully in the past meant he had established a rapport that made future encounters with that person predictable. Little gifts underscore these relationships. For instance, on one day an off-duty officer approached Erkin's stand. Erkin knew him from former encounters, when he was checking immigration documents and work permits. On this

day though, he was on a private mission. He needed spices for his weekend's shish kebab. Erkin prepared a large cup, for free, of course.

Beside the high percentage of illegal migrant workers, open-air markets have other hidden dimensions. On a regular basis I could see mobile dealers scrutinizing the market to fence their goods, their main customers being the local traders looking for special resale deals. Young soldiers sell canned beef from poached army supplies, a policeman has two cartons of cigarettes to offer, two youngsters fence a German electric drill in its original casing, and others offer wrist watches and underpants. Moneychangers, either in cars or on camping chairs, weather permitting, line the major roads that surround the market, offering drive-by exchange of American dollars, Russian rubles, and Chinese yuan. Vladivostok's open-air markets harbor a clandestine milieu that constitutes a market inside the market. This hidden level, a stratum under the visible surface of the market, is nested in the trader's relations among themselves and consists of different economic clusters that provide mostly for market traders. The services range from food catering and the above mentioned fencing of merchandise to the clandestine sale of forged immigration documents and residence permits. In addition, some of the traders are involved in the sale of bootlegged alcohol and illegal drugs.

Ethnic economies have been described as embedded economic relationships.[184] As already outlined above, Erkin was part of a larger network of kinsmen who had established several smaller businesses on Vladivostok's open-air markets (Figure 9). A closer look at his kin network reveals the importance of kinship ties in the organization and structure of economic activities, where the embeddedness in social networks creates bounded solidarity and facilitates reciprocity transactions based on enforceable trust.[185]

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[184] The idea of socially and morally embedded economies traces back to the work of Polanyi. See Karl Polanyi, *The Great Transformation* (NewYork: Holt Rinehart, 1944). Building on his work, other scholars have stressed and refined different aspects of economic embeddedness. See, for instance, Mark Granovetter, "Economic Action and social structure: The problem of embeddedness," *American Journal of Sociology* 91, 3 (1985), 481-510; Alejandro Portes and Julia Sensenbrenner, "Embeddedness and immigration: Notes on the social determinants of economic action," *American Journal of Sociology* 98, 6 (1993), 1320-50.

[185] Portes and Sensenbrenner, "Embeddedness and Immigration," 1324.

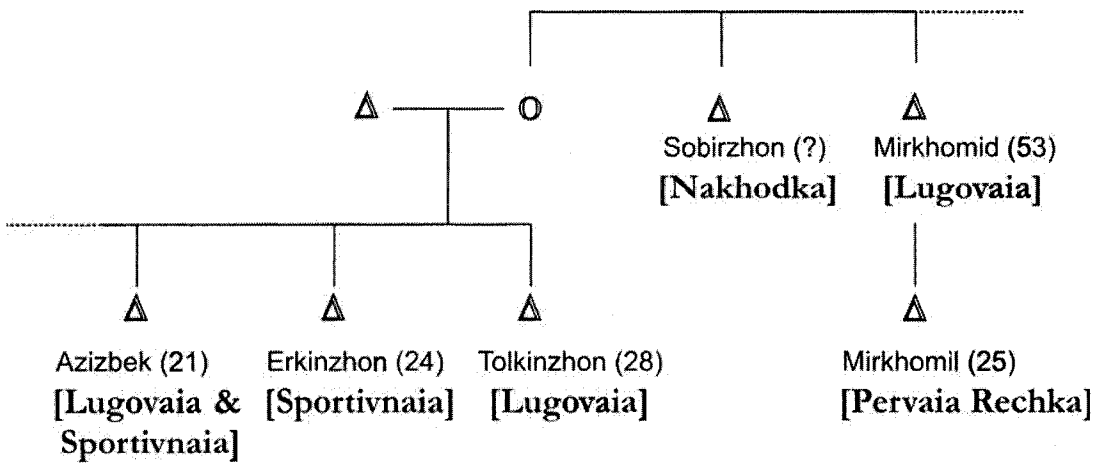

Figure 9: Kin network and workplace of a group of Uzbek traders

Erkin's core family included his parents, four brothers, and five sisters. Among this group, Erkin was the first one to arrive in Vladivostok in 2003, the year he started his business in Vladivostok. His older brother, Tolkin, 28 years old, followed in the spring of 2004. Before his arrival in Vladivostok, Tolkin had worked in a vegetable oil factory in the city of Andijon. As soon as his oldest brother arrived, Erkin was able to expand his business by opening another sales stall on the Sportivnaia market and Tolkin replaced him at the already established site at Lugovaia. Among Uzbek and Kirghiz traders it was common to designate the oldest member of a (family) group as the *khoziain* (proprietor) of a stand. In the case of Erkin's family network in Vladivostok, Erkin's older brother Tolkin filled the position after his arrival. Azizbek, the youngest brother, 21 years old, arrived in the summer of 2004 in Vladivostok. Relatively inexperienced and with only basic Russian language skills, Erkin trained him at his stand for a month before Azizbek was able to take over his business. The parents, the oldest brother, and the five sisters remained in Usbekistan. Erkin's oldest sister's son arrived in the fall of 2004. Before Erkin's arrival, already two of his mother's brothers were conducting business in the region. Mirkhomid, Erkin's 44-year-old uncle, was the first who started a spice stall in the Lugovaia market. His son had a similar business in the Pervaia Rechka food market,

located in the center of Vladivostok. Sobirzhon, another uncle based out of Nakhodka, was involved in wholesale trade of imports from Uzbekistan and supplied Erkin and his brothers on a regular basis with merchandise for their business.

In this exemplary case, close kinship ties structure the economic organization of an extended group of immigrant traders from Uzbekistan. Entrance into a market is facilitated through close-kin relationships. The first wave of immigrants of Erkin's family, namely his uncles, set up an operating business in Vladivostok and provided job opportunities for the newcomers. As an already established trader, Erkin had a similar responsibility in providing work for his brothers. In his case, the immigrant family functions as an organizational base and resource pool.[186] This close cooperation based on kinship extends to the supply lines for the brother's businesses. The reliance on family members to supply goods and the utilization of family channels as a means of transport are a common characteristic of many ethnic trading communities.[187] Erkin received his supplies directly from Uzbekistan. Relatives sent him on a regular basis smaller amounts of merchandise as cargo and traveling family members often transported the larger amounts. For instance, as a cousin of the brothers from Usbekistan arrived in Vladivostok he brought with him a whole load of spices for their business. Other traders I interviewed on the markets rely on similar kin networks for supply. For example, a trader from Tadzhikistan who sold dried fruits on the Sportivnaia market was regularly supplied by his brother who worked as a wholesale dealer of dried fruits from Tadzhikistan and in addition to five of his own stands supplied local hospitals, barracks, and kindergartens with dried fruits for *kompot* (beverage made from dried fruits). These family-based supply lines represent direct trading circuits with a minimum number of involved persons, which helps to reduce the costs for middlemen. Resource mobilization is a decisive element for the success of ethnic enterprises. Backward linkages to co-ethnic

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[186] Jimy M. Sanders and Victor Lee, "Immigrant Self-Employment: The family as social capital and the value of human capital," *American Sociological Review* 61, 2 (1996), 246.

[187] See for instance Janet MacGaffey and Rémy Bazenguissa-Ganga, *Congo-Paris: Transnational traders on the margins of the law* (Oxford: James Currey, 2000).

suppliers can be advantageous because transactions can be made in the native language and co-ethnic wholesalers are more flexible on credit.[188]

However, not all supply routes to the market traders are organized along these immediate lines. Most of the vegetables on sale in the market, for instance, are imported from China. The geographic proximity of industrial centers in China's northern provinces in association with an efficient infrastructure makes it relatively easy for Chinese traders to import large amounts of merchandise into the Russian Far East.[189] The commodity flow includes here different ethnic networks and actors. A regular sales circuit for vegetables originates at a Chinese agricultural farm that sells its produce to a Chinese middleman at one of the wholesale bases in the region. A stand proprietor, often a trader from Central Asia or the Caucasus, buys on these bases and then delivers the produce to his individual salespersons, often of Russian nationality, for retail sale. The individual actors participate here in different ethnic networks and at the same time interact with global commodity flows.[190]

Dealing with family members has several advantages in terms of business conduct. The strong personal ties present in kinship networks allow for delayed reciprocity.[191] In addition, conducting business with family members is a safeguard against being cheated in an informal economic environment with few judicial safeguards. I follow here Claire Wallace's argument that describes social capital as a strategy of ethnic entrepreneurs to secure economic returns and reduce the risk of business operations.[192] Goods can be ordered without a formal contract, credits can be extended, and family members can be used as suppliers at no extra cost. The geographically dispersed kin networks facilitate international business ties. In this example, kinship is not centered on nuclear household

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[188] P. G. Min, *Ethnic Business Enterprise: Korean small business in Atlanta* (New York: CMS, 1988).
[189] In addition to that, social networks help to gather information about permits, laws, management practices, reliable suppliers, and promising business lines. The Chinese community in Moscow, for example, numbers between 20,000 and 25,000 and has an extensive service system for its members that offer judicial help, financing, transport, and storage space. See Vitkovskaia, "Does Chinese Migration Endanger Russian Security?" 2.
[190] Williams and Balaz, "Winning, then Losing, the Battle with Globalization," 534.
[191] Marshall Sahlins, "On the Sociology of Primitive Exchange," in *The Relevance of Models for Social Anthropology*, ed. M. Banton (London: Tavistock, 1965), 148-158.
[192] Claire Wallace et al., "Investing in Social Capital: The case of small-scale, cross-border traders in post-communist Central Europe," *International Journal of Urban and Regional Planning* 23 (1999), 752.

groups, but rather organized along a network principle, a phenomenon Christine Ho described as "the internationalization of the family."[193] Cooperation among immigrant traders is not confined to the extended family network. Family members are only the closest circle of a wider support network that can be potentially activated by trading minorities. Other support circles included the group of fellow countrymen and the collective of foreign traders in Vladivostok (Figure 3.10.). Erkin often turned to a wider network of *zemliaki* (fellow countrymen) to resolve problems he had not experienced before or his immediate relatives were not able to solve. For instance, one of Erkin's acquaintances, whom he referred to as a *zemliak*, worked as a lawyer in Vladivostok. Erkin contacted him one day as his passport was confiscated by the immigration police for a second time to help him deal with an arraigned court hearing. The widest association network Erkin could turn to for support was the group of foreign traders with whom he shared a common market space. Numerous times I could observe ad-hoc cooperation among traders from Central Asia and the Caucasus during immigration police raids in the market. The stands abandoned by illegal traders hiding from the police were managed for the time of their absence by fellow traders who had escaped the scrutiny of the police. In times of external threats, for instance an unexpected police raid, professional proximity as traders and the common status as a migrant worker created temporary group cohesion. On one occasion one of Erkin's neighboring traders had been arrested by the police. His booth was suddenly deserted and a shopper asked for his whereabouts. Erkin, who ran the stand in his absence, answered with a twist of irony, "He just left for Magadan." During another police raid, while several of the Uzbek and Azeri traders fled their stands and disappeared in the maze of apartment blocks that surround the market, Erkin found refuge in one of the closed shop containers of an Azeri acquaintance.

[193] Christine Ho, "The Internationalization of Kinship and the Feminization of Caribbean Migration: The case of Afro -Trinidadian immigrants in Los Angeles," *Human Organization* 52, 1 (1993), 34.

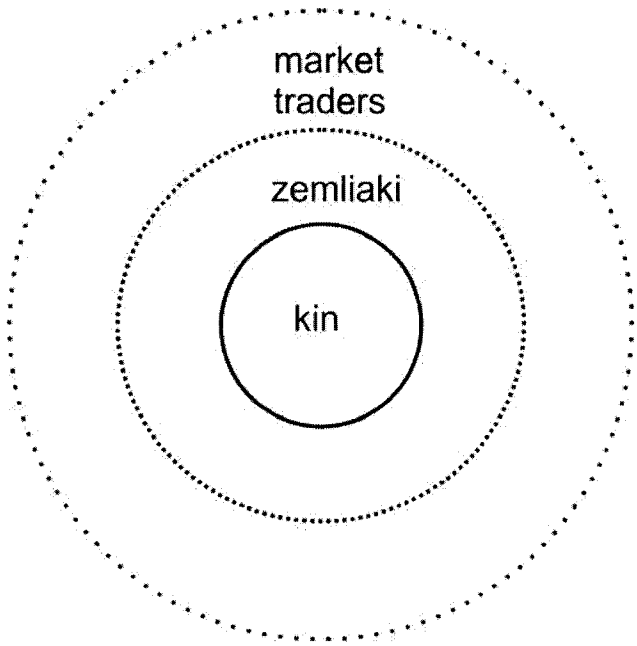

Figure 10: Affiliations among ethnic traders on Vladivostok's open-air markets

Informal networks on open-air markets function as a safety net in a high-risk environment.[194] Kinship and ethnicity play a central role in the fabric of these networks. Olga Brednikova and Oleg Pachenkov, who conducted fieldwork in St. Petersburg among immigrant workers from the Caucasus, have isolated five factors that led to the formation of tight ethnic networks among migrant traders: (1) simplicity, (2) rationality, (3) trust, (4) outside pressure, and (5) spatial proximity.[195] I will follow here their model by applying it to the presented case of the Uzbek brothers:

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[194] Markus Kaiser has shown in his analysis of large-scale open-air markets in Uzbekistan, the *tolchoki*, how trade is embedded in informal networks and socio-cultural relationships and how individual traders engage in "strategic networks" of friendship, kinship, and intimacy to reduce their economic risks. Markus Kaiser, "Informal Sector Trade in Uzbekistan," University of Bielefeld, Faculty of Sociology, Working Paper No. 281 (1997), 46.

[195] Ol'ga Brednikova and Oleg Pachenkov, "Etnichnost', etnicheskie ekonomiki, i sotsial'nye seti migrantov," in *Izbrannye trudy tsentra nezavisimikh sotsiologicheskikh issledovanii, St. Petersburg*, ed. M. Ia. Rozhanskii (Irkutsk, 2001), 49-52.

1. Simplicity. Erkin and his brothers did not cooperate with fellow Uzbek just because of their ethnic similarity, but rather because it was easier to communicate in a common language. Cultural similarity helped here to understand each others' motives.
2. Rationality. The choice of co-workers, wholesale sellers, and retail sellers is based on a rational selection, which minimizes effort and at the same time maximizes profits. The economic ties among the three brothers and their maternal uncles were characterized by a high degree of cooperation and efficiency. The profits of the brother's business were collected in a common pool that covered their living expenses and was occasionally used to offset losses at one of their trading spots.
3. Trust. Trust played an important role in the supply line of the brother's business and their day-to-day economic interaction. Shipments of merchandise from Uzbekistan, facilitated through family members, relied on the confidence of being paid without a formal contract. In addition, money transfers back to Uzbekistan, were done with the help of family members or countrymen, whom the brothers entrusted part of their earnings.
4. Outside pressure. Complex and shifting bureaucratic procedures for immigrant workers in Russia, discrimination at the workplace, everyday xenophobia, racially motivated attacks, and frequent raids by the immigration police bring an outsider group close together.
5. Spatial proximity. Shared space on the market and spatial proximity on a day-to-day basis created close social relationships among individual traders that often transgressed ethnic boundaries. In the case of the Uzbek brothers, their kinship network was not only used for economic activities, but represented also the main social structure for organizing their everyday life, from shared living arrangements – Erkin lived with his brothers and two other Uzbeks in a three room apartment – to group travel from their apartment to the market.

Howard Aldrich developed a model to explain the rise of ethnic enterprises.[196] Central to his model is the notion that ethnic groups strategically adapt to the resources available in their environment. In Aldrich's model, structures of opportunity represent specific market conditions, which may favor certain ethnic enterprises. Traits or group characteristics depict the cultural dispositions of a given ethnic group, including the capacity to mobilize resources and to rely on social networks.[197]

Given the fact that opportunity structures provide niches for potential entrepreneurs, the dominant market conditions are therefore of central importance to explain the prevalence of ethnic entrepreneurs in the Russian Far East. Light argued in his "protected market hypothesis" that the initial market for ethnic entrepreneurs often originates in the ethnic community itself.[198] In the case of trading minorities in Primorskii Krai, who almost without exception sell their goods to local Russians, this observation applies only partially. Only auxiliary services, like food catering, are rendered by a specific ethnic group to their own members. Yet other circumstances can lead to the rise of ethnic enterprises. Underserved or abandoned markets and markets with unstable or uncertain demand can create fertile ground for ethnic enterprises.[199] The collapse of the Soviet-era consumer goods and agricultural industry in Primorskii Krai during the 1990s has created a vacuum in supplies. Consumer goods' production from 1990 to 1997 in most of the districts of Primorskii Krai has dropped considerably.[200] The local production of agricultural products (milk, eggs, meat, etc.) has also dropped dramatically. Chinese traders fill these gaps with imported goods from China. In addition, the decline in real wages in the Russian Far East forced most of the low-income population to buy the cheapest goods available. Prices on Chinese markets are on an average one third lower

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[196] Howard Aldrich uses a framework based on three dimensions to study ethnic enterprises: an ethnic group's access to opportunities and resources, specific cultural traits of that group, and emergent strategies as a reaction to the first two parameters. Particular ethnic strategies emerge from the interaction of opportunities and group characteristics. See Howard E. Aldrich, "Ethnicity and Entrepreneurship," *Annual Review of Sociology* 16 (1990), 111-35.

[197] Ibid., 114

[198] Light, Ivan. *Ethnic Enterprise in America* (Berkeley: University of California Press, 1972).

[199] Aldrich, "Ethnicity and Entrepreneurship," 116.

[200] Alekseev, "Chinese Migration in Primorskii Krai," 3.

than those in local department stores or super markets. A Russian customer interviewed on the Sportivnaia market gave the following explanation for her choice of clothes made in China, "You can buy cheap goods at the Chinese stands, and that's good, they helped us when we had a deficit. And they are good construction workers. You should see the buildings they have in China. Why can't our construction workers accomplish this?"

Markets affected by instability and uncertainty present niches of opportunity for ethnic groups. Ethnic businesses thrive in an economic environment characterized by high risks and uncertain conditions. Their willingness to take higher risks makes them well suited for setting up businesses in an economic milieu abandoned by larger firms and the prevalence of unstable demand. The social embeddedness of immigrant traders in different circles of cohesion, from close kin networks to the temporary cooperation of immigrant traders, assists those traders to survive in the high-risk environment of the open-air markets' shadow economy. This is especially true for traders like Erkin, who worked essentially as an illegal migrant worker in the market without a valid residence or work permit.

Erkin was deported from Russia at the end of the summer. He had been caught for the third time by the police without a valid *propusk* (residence permit). A stamp on the last page of his passport indicated, that he had to leave the country in one month. In addition, he was banned from reentering Russia for five years. Nevertheless, Erkin planned to return soon with the help of a simple ploy: in Usbekistan he would apply for a new passport. Instead of his surname, it would show his father's name, and feature a slightly changed birth date. "Everything is possible in Uzbekistan for money. If you have money, you have the power," clarified his brother Tolkin, "He will return in one or two months, although he has to find work on a different market, the police know him here now too well." Tolkin, as the oldest of the three brothers, shouldered the responsibility; he had already a plan. He dreamed of a new business on the island of Sakhalin, a place so far untouched by Uzbek spice merchants. One of his regular customers lived on Sakhalin. On his monthly trips to Vladivostok he always stopped by at the brothers' stalls to buy spices and seasonings. He recommended to start a business there and is even willing to

help him with his contacts. Tolkin planned to look into the situation and invest in a one or two month exploratory stay. Sakhalin would be a good place for his returning brother to work.

Chapter 4 – Eastern Porosity: Cross-border trade in the Russian Far East

4.1 Journey to Suifenhe

Moroznoe utro – den' chudesno
Pushkin

Vladivostok – Suifenhe, fall 2004. It is still dawning as the coach leaves the bus terminal in the early morning. Located next to the Vtoraia Rechka market at the northern end of the city, the bus terminal is Vladivostok's long-distance transportation hub to various locations in Primorskii Krai and in China. The coldness of a late October morning persists outside. The boardwalks are covered by a layer of ice from the snowfall of the preceding days. Vladivostok's suburbs pass by as the bus moves along the arterial road that leaves the city towards the North. The bus windows are steamed up from inside and I am consumed by keeping a patch in the window open to catch a glimpse of the passing urban landscape outside. Commuter traffic chokes the lanes of the incoming highways that wind through the outskirts of town. Multi-story apartments line the road, their gray silhouettes contrasting with the lightening sky. Merry chatter fills the inside of the bus. Some of the passengers have already opened beers and begin discussing the trip that lies ahead of us. Most of my fellow travelers are *chelnoki*, shuttle traders on their journey to Suifenhe, the prosperous border town in the Heilongjiang Province, just a day trip away from Vladivostok. Almost exclusively women, the sojourners in the bus arrived this morning in little groups – each group with a person in charge overseeing the travel documents and customs clearance for five to ten women. The women use the two to three day journey to Suifenhe, organized through a tourist company, to purchase merchandise, mostly clothes and shoes, and import it back to Russia.

After an hour bus ride along the peninsula that connects Vladivostok with the mainland, a wide floodplain begins to extend beyond the road. Waves of gushing wind roll through marshy meadows and patches of reed sway in a cold breeze. Snowdrifts nest in the hollows of the snowy plain, covered by the first snowfall of the season. Dacha colonies and small settlements separated by wide stretches of open farmland, forests and swampland have replaced by now the city blocks and apartment complexes of Vladivostok. The landscape drifts by. North of here, on the frozen surface of the Chanka Lake, Kurosawa's Arsenev got lost and almost killed in a fierce blizzard. Only the reeds, stacked to a warming shelter, saved the lives of the explorer and his native guide Dersu Uzala.

The kinetic of perception surprises me. While gliding through the cityscape of Vladivostok I am myself the vector, passing by. Riding in a bus outside of town sets the surroundings in motion, everything is passing by. Calmness starts to grow in my head replacing the bustling noise of the city with silence.

After three hours we arrive in Pogranichnyi, 15 kilometers east of the Chinese border. Looking towards the west I can catch a glimpse of the Laoye-Ling Mountain Range that separates Primorskii Krai from Heilongjiang Province of northeastern China. Rolling hills covered with a thin layer of snow gradually dissolve into the horizon. The inconspicuous border town with its 4000 inhabitants lies tucked at the base of these hills. The wide boulevards are deserted. A cold down draught from the hills plays with leftover autumn leaves on the pavement. Long and thin icicles hang in rows from the gabled roofs of wooden houses. The central bus station of Pogranichnyi is a rough concrete square. Dust mixes with the diesel fumes of buses. In an hourly rhythm large coaches leave for China. Colorful motives of Chinese dragons decorate the bus coaches, contrasting with the dusty gray pavement and buildings of the terminal. Chinese pop music sounds from inside. The terminal is a place of silent activity, a stage where the bustling cross-border trade between Russia and China pauses in its flow. It is a hub where commodities and border traders freeze in motion for a short while, waiting for transport. Large bundles of merchandise, each having the same format, are unloaded from buses and piled on the

pavement in front of the terminal. Small groups of Russian women accompany these shipments. Sitting on their bundles they are seated close together to protect themselves from the cold wind. Next to the bus station and its small adjacent open-air market lies the train station. Freight cars loaded with timber destined for China line up for hundreds of meters on several tracks.

After an hour-long stop we continue our journey. The border is just minutes away. The driver stops the bus at the end of a line of trucks and buses filled with shuttle traders. The vehicles have to pass one by one through the Russian customs clearance. After an hour wait, it is our turn. We have to leave the bus and move individually with our personal luggage through customs. The customs office is a bleak, gray concrete block. Wind is pressing hard against the large windows that shiver from the strong gusts. I can feel the cold draft inside. A Russian inspector stares bored on the screen of an X-ray machine, and after checking our group he focuses again on his crossword puzzle. The inspector at passport control is more alert, slightly confused by my appearance. A German in Russian-Chinese borderland is a rare occurrence. His eyes move from my passport to my face, then back again, several times. He double-checks my Russian visa. Then the stamp drops with a heavy thump. We board the bus again, which meanwhile had gone through a separate clearance passage. On the other side of the lane, buses and trucks from China line up. Groups of *chelnoki* drag large bundles from the buses to the customs building.

We continue through no-man's-land. Tall watchtowers on the surrounding hillcrest rise above the brown forest. After several kilometers the road passes an enormous building site. About a dozen construction cranes, topped with the Chinese national flag, surround the foundation of the future cross-border trade complex of Suifenhe-Pogranichnyi. After we pass the 75 acres of steel and concrete groundwork we arrive at the Chinese border. As before on the Russian side, a similar customs procedure begins. In contrast to the Russian customs, everything on the Chinese side bears a touch of novelty: the uniforms of the customs officials glitter with golden epaulettes, the customs office is recently built, the floors are of shiny granite, and the waiting rooms are well

heated. My group passes the inspections without any problems. Everybody seems to have experienced the procedures many times before. Chelnoki are seasoned sojourners of the borderland.

Shortly behind the border begins the city of Suifenhe. Only ten years ago, the city was a small village with only a few thousand inhabitants. Nowadays, Suifenhe is a city of 200,000. As we approach the city I realize the scope of the Chinese modernization project in this region, which is mostly founded on the trading boom with Russia. Numerous high-rise apartments and office buildings surround the former town center and sprawl into the surrounding forested hillsides, stripped of its leaves by the advanced fall. A Buddhist temple, erected on several terraces on an adjacent hill, seems detached from the rapidly grown city. The colossal statue of a chalk-white Buddha draped in an orange cape overlooks the city, its eyes patiently glaring into the blanket of smog hovering over the city's smokestacks. The bus drops us in the middle of town. My fellow travelers leave for their prearranged hotels. I follow a group to the hotel "Tao Juan," a favorite over-night destination for Russian shuttle traders.

Modern day Suifenhe's cityscape is dominated by steel and glass architecture. Large shopping centers flank the streets; the major ones surround the central square in the city's center. Under the granite pavement of the plaza extends a two-storey underground shopping mall filled with hundreds of small stores. Most of the shop signs are bilingual, in Chinese and Russian. Well-known Western brand names ornament the shopping fronts. The city is full of energy, a bustling trading hub thriving on the border zone to Russia. During the day, Russian shoppers stroll in small groups through the city, some of them carry heavy bags. Chinese helpers are abundant at the street corners, who offer their guiding or hauling service for a small fee.

In the evening, the lobby of the hotel fills with groups of *chelnoki* on their way out for dinner into town. I start a conversation with a woman in her early twenties, a *pomogaika*, a helper, who works as a hired shuttle trader for a Russian import company. Ksenia arrived today with her sister and several aunts from a small town in the Russian border district for an overnight trip to Suifenhe. Tomorrow they are already heading back

to Pogranichnyi, each loaded with 50 kilogram of merchandise for the wholesale dealer who pays her 200 rubles, a free trip and accommodation. Ksenia shows me her Russian passport. Dozens of Chinese immigration stamps fill the pages. A resident of Zharikovo, a small town in the Pogranichnyi Raion, approximately 60 kilometers distance from Suifenhe on the Russian side of the border, Ksenia has been more than 50 times in Suifenhe, yet never before in Vladivostok. Many of her friends and relatives are involved in the shuttle trade with China. In the rural regions along the border to China, work as a shuttle trader represents one of the few income opportunities, especially for women. The high demand for cheap Chinese goods, sold on the open-air markets of the Russian Far East, has created a whole infrastructure of transporters, a fact well known to Ksenia, "The Chinese markets in the region thrive on the backs of the helpers [*pomogaiki*]. We only do their work, but the others get rich. But what can I do, I need to make some living." After our short conversation she leaves for dinner with her relatives. I step outside into the evening.

Activity in the streets has slightly ebbed, although shops and department stores are still open. I pass by an opening ceremony for a new fur shopping center. Flower bouquets surround a small speaker's platform. A red inflatable arch framed by dragon heads reaches over the large glass doors of the entrance. Above, golden letters spell *Gorod Kozhi "Novii Vostok"* (City of Pelts "New East"). Seven stories high, each floor filled with dozens of small boutiques for leather and fur clothes. The furs are imported from Russia, manufactured in China to coats, and then exported back to Russia. On a small stage, several Russian models in bikinis and fur coats freeze in the cold wind, waiting for their act. A DJ plays loud music, several speeches follow and then, firecrackers explode, baptizing the new mall.

4.2 *Chelnoki* – weaving shuttles

You have to feel how a product is selling.
Viktor, 24, shuttle trader

The system of shuttle trade is based on the fact that, according to a federal resolution from August 1, 1996, merchandise up to the amount of 50 kilogram or US$ 1000 can be imported duty-free into the Russian Federation.[201] This fact has far reaching implications and sustains a whole branch of informal traders, the so-called *chelnoki*. Literally, *chelnok* translates as weaving shuttle, signifying in this context the zigzag movements of shuttle traders across the border on a regular basis. The shuttle trade is by far not an isolated phenomenon of the Russia Far East. It is applied in a wide scale along the different borders of the Russian Federation.[202] Trader tourism in the post-Soviet sphere is mostly an effect of a collapsed local small-goods industry and the emphasized need for imported goods among local populations.[203] Essentially, two different classes of shuttle traders exist in Russia, *naemnye chelnoki* (hired shuttle traders) and *svobodnye chelnoki* (independent shuttle traders).

The life and journeys of a hired shuttle trader start in most of the cases with a *turisticheskaia firma* (tourist company), which assembles the shuttle traders through word of mouth or through newspaper advertisements.[204] These tourist companies normally assemble groups between 20 and 40 people, which are then sent to China where

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[201] This law has been changed slightly in 2003: Merchandise declared under the individual weight allowance has to be accompanied personally across the border. In addition, the personal weight allowance for 'tourists' can be claimed only once per week. See Irina Skliarova, "Konets chelnochnoi diplomatii," *Vladivostok*, 2 October 2002.

[202] According to different counts, the total numbers of shuttle traders in Russia ranges between four and six million. Up to 10,000 shuttle traders operate in the Primorskii Krai on a regular basis. See Viktor Serdiuk, "Chelnoki ostanutsia bez pomogaek, a zaodno i bez raboty," *Vladivostok*, 19 July 2002. In 1999, 209,300 Russian tourists crossed across the border from Primorskii Krai to China. See Maria I. Barannik, *Kriminologicheskie i pravovye problemy borby s nezakonnoi migratsiei* (Vladivostok: VTsIOP, 2002), 48.

[203] Yulian Konstantinov, "Patterns of Reinterpretation: Trader-tourism in the Balkans (Bulgaria) as a picaresque metaphorical enactment of post-totalitarianism," *American Ethnologist* 23, 4 (1996), 777.

[204] In colloquial language, hired shuttle traders are referred to as *pomogaiki* (helpers) or sometimes as *kemely* (camels).

the individual group members receive the cargo destined to Russia on the personal 50 kilogram allowance per person. In that way, wholesale dealers are able to import large quantities of merchandise from China essentially tax free into Russia.[205] The tourist company provides for the shuttle trader bus transportation, arranges accommodation in a hotel, and deals with the necessary border formalities.[206] All major towns in Primorskii Krai have at least several tourist companies that facilitate shopping tours to the Heilongjiang Province, mainly Suifenhe and Harbin. Five different border crossings connect Primorskii Krai to the neighboring Chinese province (See Figure 4.1). The city of Ussurisk, 100 kilometers north of Vladivostok, is the main center for shuttle traders in Primorskii Krai. Ussurisk's central location in the region and its relative proximity to China, only two hours by bus to the trading center of Suifenhe, made it the center of cross-border trade between China and Russia in Primorskii Krai. Two border crossings are usually accessed from Ussurisk. One, the border crossing at Pogranichnyi, is a combined railroad and road border crossing; the other, Poltavka, features solely a road connection. At the arrival in Suifenhe a group of shuttle traders checks into a hotel. Usually, the arrival is past lunch and a first meeting with the organizer is arranged at dinner, where details of the handing over of the cargo are discussed. The next morning, the group is handed the cargo in packages of 20, 30, or 50 kilograms for the *optovik* (wholesale dealer) in Russia. Occasionally, the cargo has already been loaded into the bus. When the group arrives back in Russia the cargo is handed to the wholesale dealer and the shuttle traders receive their wage, which normally ranges between 100 and 400 rubles. The wholesale dealer plays a central role in the system. He or she organizes the cargo, arranges through a tour company the cargo carriers, and redistributes the merchandise after its arrival in Russia. Primorskii Krai is an important transit location for commodities originating in China and functions as a commodity hub for the territory of

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[205] A group between 30 and 40 people, which constitutes a full bus load, is able to import between 1,500 and 2000 kilograms per trip. The Russian customs estimates the daily loss of import taxes from shuttle trade in the Russian Far East as high as US$ 700,000. See Vasilii Avchenko, "Kombinator iz Suifen'khe, ili Imperiia podnebesnoi khitrosti," *Vladivostok*, 13 August 2003.

[206] Tourist companies are able to provide visa-free tours according to an agreement signed by Russia and China in February 2000.

the whole Russian Far East. Wholesale dealers based in Primorskii Krai deliver goods to marginal locations such as the Island of Sakhalin, the Kurile Islands, or Chukotka, where the retail prices are almost twice as high as in Primorskii Krai. The widespread use of hired shuttle traders reduces transport costs and bypasses import taxes. Almost all of the merchandise imported with the help of *chelnoki* is destined for sale on open-air markets or the recently established boutiques of shopping centers.

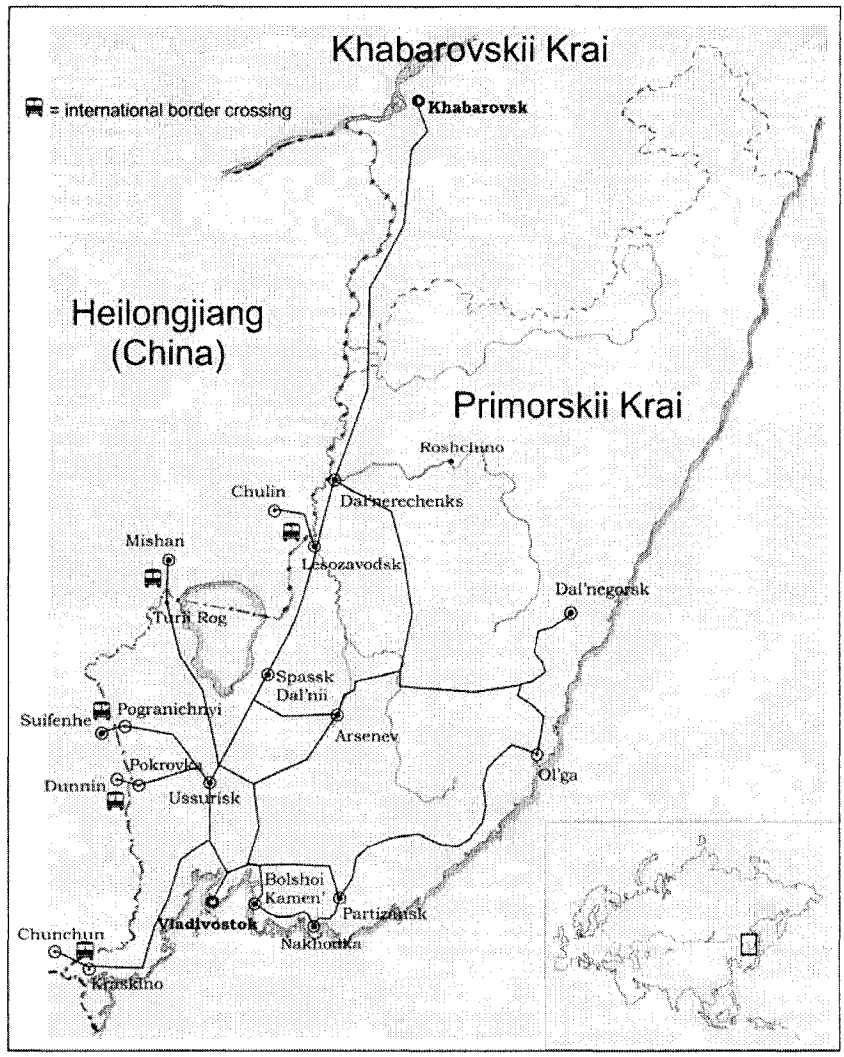

Figure 11: International border crossings in Primorskii Krai

The other way to participate in the Chinese-Russian shuttle trade is to work as a *svobodnii chelnok* (independent shuttle trader) without being dependent on a tourist company. This is usually done on a Chinese multi-entry visa, valid for either half or one year. The journey is self-organized and one's own capital is invested for buying goods in China, which are then individually transported over the border into Russia. Although the profit margin is higher compared to the hired shuttle traders who merely receive a wage, more self-initiative and larger investments are required. Often, two or three helpers are employed to increase the amount of imported goods, thus increasing the profit. These small shuttle trader groups are often formed around kin networks, although an enlargement of the trading operations can include a whole set of social relations to sellers, buyers, and custom officers.[207] For independent shuttle traders, the main hurdle consists of finding a wholesale trader who is willing to buy the merchandise. Social networks are therefore crucial in finding reliable business partners.

Viktor, a 24-year-old native of Ussurisk, has a university degree in Japanese language and had taught part time as a language instrusctor at the Vladivostok University. As a student he worked during two years as a shuttle trader, first as a hired and later as an independent *chelnok*, and made the Ussurisk-Suifenhe route on many occasions. Not able to survive on the meager income from this job, he had recently switched to better paying work as a salesman for a large dealership, which imports car tires from Japan. On several occasions we had conversations on his former profession as a shuttle trader. He always stressed the importance of social networking:

> It is very difficult for an independent shuttle trader [*svobodnii chelnok*] to sell merchandise to wholesale dealers in the market if you are unknown. You need connections [*sviazi*] and acquaintance [*znakomstvo*] with the right people. If you are unknown in the business, nobody trusts you and wants to deal with you. It is like in every other business in Russia, connections are the most important thing.

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[207] Caroline Humphrey, "Traders, 'Disorder', and Citizenship Regimes in Provincial Russia," 77.

Thus, compared to the hired shuttle traders, the work as an independent shuttle trader implies a higher degree of social networking skills. Hotels in Harbin or Suifenhe, where the groups of shuttle traders are accommodated, play an important role as social nodes for independent shuttle traders to get in contact with potential Russian or Chinese wholesale dealers. Experience and a wide network of personal relationships are important for the long-term success of an independent shuttle trader. Independent *chelnoki* that lack the necessary connections are often forced to sell directly to stand owners on Russian open-air markets, which bears considerable economic risks in terms of securing the sale of one's merchandise. For instance, one of my informants who used to work as a hired *chelnok* and subsequently started to operate as an independent shuttle trader was on one of his first trips left with a load of 100 pairs of shoes, which he was unable to sell for an economically viable price. Another way for independent shuttle traders to turn over their merchandise is to independently own one or several market stands or boutiques, thus securing future sales. Still, the economic risks remain high.

The work as an independent shuttle trader demands a range of different skills. Beyond social networking abilities, intimate knowledge of current and future fashion trends is indispensable for the success of an independent business operation. Viktor explained this specific knowledge:

> What kind of goods the *chelnoki* bring to the market very much depends on the season and on fashion trends. Fashion constantly changes. For instance, new shoes are already out of fashion after two months, replaced by new models. The same applies to leather goods. The Chinese who trade in the markets in China dictate more or less the fashion. For instance, they say, now this is the new product, absolutely new fashion. They also look at the amount Russian buyers are purchasing and so see what is currently fashionable. Television commercials play also an important role. For instance, people see on television an Adidas commercial for a new pair of sneakers. The Chinese are very good in copying that specific model and people are looking out for it. Of course it is not the real model,

> just a copy. When the people see that model, they think, "Oh, I have seen that on television, I want that shoe." My father had a market stand in Ussurik. He first went to China [for merchandise] and went later on to Turkey. He knew exactly which fashion is good and which doesn't sell. You have to feel how a product is selling.

The *chelnoki* system provides various possibilities for the participants who show skillful use of insider knowledge and personal relationships. Viktor mentioned the case of his cousin:

> My cousin first worked as a hired chelnok, and then he acquired a visa [for China] and began to work on his own. But first you have to work under a company, as a hired *chelnok*, in order to understand the business and the market, to see everything with your own eyes. Then, if you have acquainted yourself with Chinese dealers, know where to find the cheap goods, found out the best way to bring the merchandise to Russia, and collected enough experience you may do it on your own. The same applies to the Russian counterparts. Every time the bus stops at the border for a couple of hours, people go and eat and begin to talk to each other. This is where you meet with other chelnoki and it is the time to work on connections. After all these experiences it is easier to work on your own.

A woman entrepreneur I interviewed in 2002 started her career in the early 1990s as a simple hired shuttle trader, crisscrossing the border to China on a regular basis. Later she invested her profit subsequently working as an independent shuttle trader, adding trips to southern Chinese cities and Korea, thus increasing her profit margin. Now she imports used cars on a regular basis from Japan. This economic biography of a former hired shuttle trader is no exception. The system follows a simple logic of capital accumulation, investment, and expanding knowledge of the market. Successful entrepreneurship creates vertical economic mobility for the participants. Capital and knowledge, acquired through the work as a hired *chelnok* for a company, can be invested

into an independent business. The increase of venture capital is usually accompanied by spatial expansion, which means more distant and profitable destinations are visited. A common step of an independent *chelnok* based out of Primorskii Krai is to expand his or her shuttle sojourns from the border town of Suifenhe to Harbin, the capital of the Heilongjiang Province, where merchandise of higher quality can be purchased. Other destinations are even more profitable, but require more investments to cover the higher travel and transportation costs. Some experienced shuttle traders with the necessary capital travel as far as Beijing, Japan, Korea, or Turkey.

The increase of venture capital and spatial expansion lead to new forms of cooperation among individual shuttle traders. As a first step, independent *chelnoki* include close friends or family members in their business. Thus, resources can be pooled to increase the amount of the purchase in addition to the extra weight allowance that comes with each member of a small shuttle trader group.[208] A next possible step is to increase the group size even more by employing several shuttle traders who buy goods on behalf of an independent trader. At this point the circle closes and the independent *chelnok* turns into a wholesale trader who uses hired shuttle traders to import merchandise on a larger scale.

Layered into the gray economy of the shuttle trade is yet another commercial activity, which is also based on the lower commodity prices in China. The smuggling of vodka from China into Russia, the so-called *vodichnii biznes*, presents an extra income for some of the hired shuttle traders to supplement their relatively low pay.[209] Two different ways of smuggling vodka into Russia on a small-scale are usually employed. One way is to tape the vodka bottles to the body underneath a layer of clothing. For this technique, special Chinese vodka is used, which is sold in flexible plastic bags. Thus, an experienced smuggler can tape up to ten bags to his body without raising too much suspicion at the customs inspection. The other way is to use the ventilation shafts of the

[208] The pooling of money is especially common among traders who on an individual basis import used-cars from Japan.

[209] Compared to Russia, vodka in China sells for approximately half the price, which amounts to a profit of approximately 20 rubles per smuggled bottle. The legal quantity for import is two bottles.

buses that usually have room to hide up to two cases of vodka, which is approximately 40 bottles. To conduct this side business successfully, shuttle traders need to acquire a specific knowledge: which bus drivers are willing to partake in the smuggling, where cheap vodka is sold in China, and where to sell the contraband in Russia. As with the case of independent shuttle traders, personal relationships and recurring transactions with known traders and drivers are a key factor to successfully conduct the smuggling business. Usually, the contraband is sold in open-air markets to traders who offer the vodka under the table to known clients.

Recent developments have fundamentally changed the conditions for cross-border trade between China and Russia. It started in the fall of 2005 with a crackdown on companies that facilitated shuttle trade. As a result, 15 of Primorskii Krai's largest tourist companies were banned from organizing visa-free tours for Russians to China.[210] Subsequently, a new federal import law was enacted in February 2006. The new law on cross-border trade specifies that individual persons can import only up to 35 kilograms per month.[211] This law, if enforced in its present form, literally brings the shuttle trade between China and Russia to a grinding halt.

4.3 Informal cross-border trade

I like fish and I like bear's paw, but if I have to choose between them, I will let go of the fish and take the bear's paw.

Mencius

Cross-border trade is a two-way lane. The trade between Russia and China includes both Russian and Chinese citizens alike. Although I have only mentioned Russian shuttle

[210] Sluzhba operativnoi informatsii 'V', "Turbiznes turnuli?" *Vladivostok*, 11 November 2005.
[211] Aleksandr Ognevskii, "Bagazh na tamozhennom formate," *Vladivostok*, 17 February 2006.

traders in the preceding section, Chinese are equally involved in the trade.[212] The shuttle trade is of course only one aspect in the cross-border trade between China and Russia, embedded in the overall trade exchange between the two countries. The border is commercially used on many levels, including both legal and illegal economic activities. Cross-border economies show a blurring of licit and illicit conduct and different shades of gray characterize these economies that constantly oscillate between the formal and the informal.

On the following pages I shortly sketch Russian trade with China, but mainly focus on non-formal economies that tie the Russian Far East to its Asian Pacific neighbors. The marginal geography of Primorskii Krai, exposed to multiple borders at the same time, makes it a profitable economical zone. In addition, the breakdown of the Soviet Union has created new supply chains to already established markets in East Asia. Especially the formerly secluded bio-resources of Far Eastern waters and mountains are now in reach of Chinese and Japanese markets. Culturally driven demands for specific culinary delicacies and medicinal products are especially strong and the differences in consumption standards and values have created one-dimensional trade alleys. Meanwhile, historic resource use patterns reemerge: Sea cucumber gatherers are back, diving once again along the coast of Primorskii Krai, and some inhabitants of villages in the taiga of the Sikhote-Alin mountain range are once more trapping and poaching bears, tigers, and sables for Chinese middleman merchants. All these different markets and economic activities have one thing in common: As economies that cut across national boundaries they thrive on the borderland, incorporate actors from different countries, and interconnect them through various commodity flows.

As mentioned above, the import of Chinese goods into the Russian Far East plays an important role in satisfying rising consumer demands of the local population. Lacking a

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[212] The actual number of Chinese shuttle traders is difficult to estimate, mostly because a large part of Chinese nationals who work as shuttle traders enter Primorskii Krai on a tourist visa or make use of the visa-free travel regime for tourist groups. In 2001, 154,500 Chinese tourists were registered visiting Primorskii Krai. See Barannik, *Kriminologicheskie i pravovye problemy borby s nezakonnoi Migratsiei*, 44.

viable and competitive small goods industry, the Primorksii Krai is forced to import a variety of goods from its Chinese neighbor. The commodities offered in the open-air markets present a cross section of the categories of the imported goods: clothes and shoes, fur coats, electrical appliances, plastic toys, fishing equipment, household goods, furniture and carpets, food products, fruits, vegetables, etc. The shuttle trade between Russia and China constitutes the backbone of that import, yet is embedded in the overall export-import trade between the two countries. Official imports from China amounted during 2002 to US$363 million – the main imports were electrical appliances, apparel, food-stuffs, fruits and vegetables.[213] Shuttle trade is estimated to be around the same value as official imports, which means that the *chelnoki* import merchandise on an annual basis into Primorskii Krai with a value between US$300 – 350 million. On the other hand, Russian exports to China amounted in 2002 to US$244 millions – the main exports were ferrous and non-ferrous metals and metal products (38,6 %), timber (22,7%), and fish (14,2%).[214]

In the course of the last years, several attempts have been made by China and Russia to establish free-trading zones along their border to increase the trade volume between the two countries.[215] The latest attempt, the free-trading zone of Pogranichnyi-Suifenhe, which was under construction in 2004, will provide in the border zone a visa-free trading center on 75 hectares for Russians and Chinese alike.

Chinese imports are, of course, not the only commodities entering Primorskii Krai. Other Asian Pacific countries participate in the flourishing cross-border trade with Russia after the breakdown of the Soviet Union. Japan, for instance, is the largest car importer into the Russian Far East. Vladivostok's streets are almost exclusively dominated by

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[213] Dimitri Khabalov, "Kompanii vytesniaiut chelnikov," *Konkurent*, 8 April 2003, electronic document, http://www.konkurent.ru/list.php?rub=11&indiv=595, accessed 18 June 2006.
[214] Ibid.
[215] Since the early 1990s, Sino-Russian cooperation, mainly initiated by the government of China's Heilongjiang Province, has been encouraging a network of free economic zones along the Russian-Chinese border, the so-called Tumen River Development Program. Other projects, like the Greater Vladivostok Free Economic Zone Project was initiated as a Japanese-Primorskii Krai response to the Moscow supported Tumen project. See Gaye Christoffersen and Tamara Troiakova, "The Greater Vladivostok Project: The Russian Far East's opportunity for integration with the Asia-Pacific," *Rossiia i ATR* 1 (1993), 71-77.

used-cars from Japan and the city has one of the highest personal car per capita rates in the Russian Federation. Japanese cars enter the Russian Far East mainly through three ports, Nakhodka, Vostochnii and Vladivostok. Russian car ferries from Japan dock on a regular basis at the port's arrival and departure building in downtown Vladivostok. The *Morskoi Vokzal* (Maritime Station) is an important hub for Japanese imports. Mini-buses, small trucks, and cars are stacked on and below the decks of arriving ferries. Large cranes heave them on waiting rail wagons. Customs inspection happens on the pier, where the car's registration numbers are double-checked with the import papers. Sailors and passengers are visibly involved in the shuttle trade. A long line of passengers wait to pass customs clearance. Customs inspectors check at a large scale at the end of the gangway the weight of the personally imported goods. Car tires, computers, television sets, spare parts, and even car hoods are making their way through customs. The shuttle trade with Japan is mostly concentrated on electronic equipment, like computers, electronic accessories, and car parts. The import of used-cars from Japan presents a profitable income for several groups and businesses in Primorskii Krai, often on the brink of legality. I will address this fact in more detail in the next chapter.

Timber, especially hardwoods, is an important export of Primorskii Krai. Over the last years, Chinese companies have invested substantial amounts of money in the local timber industry for harvest and export rights. One of the largest multi-national pulp companies, the Chinese based Asia Pulp & Paper (APP), signed a one billion dollar contract in 2004 to harvest timber and construct processing facilities in Primorskii Krai.[216] Illegal logging and export is endemic in the timber industry in the Russian Far East. Approximately 70 percent of the timber export from Primorskii Krai to China is considered to be illegal contraband.[217] Organized crime groups, often in cooperation with customs officials, establish fictitious companies to receive official export permissions, which are then used to disguise the illegal exports.[218] Illegal logging and timber

[216] Evgeniia Gavriliuk, "Kitaitsy vyrubiat dal'nevostochnye lesa," *Zolotoi Rog*, 20 June 2004.
[217] Ernest Filippovskii, "Tamozhnaia sgovorilas' s militsiei perekryt' kanaly kontrabandy lesa," *Kommersant*, 18 September 2004.
[218] Corruption and complicity with smugglers is especially high in the customs department. For instance, in the summer of 2004 a trial was opened against the head of the customs inspection of Gordekovo

smuggling are big business. Approximately 9.2 million cubic meters of timber are illegally exported annually from Russia to China.[219] The Far Eastern fishery industry is plagued by similar problems of large-scale poaching, a fact I will also address in more detail in the next chapter.

Cross-border trade between China and the Russian Far East is characterized by a strong illegal component. Hunting and gathering of endangered species and the illegal harvest of plants contribute to a burgeoning shadow economy in Primorskii Krai that is based on poaching and smuggling. The consumers are almost exclusively in China, and Chinese middlemen play the role of wholesale buyers. The harvest or hunting is done by local Russians who possess an intimate knowledge of the terrain and whereabouts of the different species. Several species are of interest for poachers and smugglers (See Table 4).

Among the coastal maritime fauna, *trepang* (sea cucumber) is of high demand in China. As outlined in Chapter Two, the harvest of sea cucumbers in Primorskii Krai has a long history that dates back at least to the 19th century, when Chinese seasonal workers combed the Golden Horn bay for the valuable animal. Yet pollution and over-harvesting has led to a depletion of the stocks in the bay's surroundings. Nevertheless, several areas to the northeast of Vladivostok still harbor sea cucumber populations. Nowadays, the poaching of sea cucumbers is almost exclusively in Russian hands. The economic collapse of the small scale fishery industry in many coastal villages of Primorskii Krai left few solutions for a debilitated working population, and as a result poaching has become a survival strategy for many. Organized in individual boat brigades of four to five men equipped with aqualungs and outboard engines, the poachers systematically search the seafloor for the animal that can live up to depths of 150 meter. A strict division of labor controls the work of the poachers. Two divers are in the water, one

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(Pogranichnii), Ruslan Bashko. He was accused of facilitating in 2003 the tax-free import of merchandise (pork, fur clothing, and shoes) form China into Russia with a total value of approximately $US 300,000. See Aleksei Chernyshev, "Kontrabandnyi kanal napravili v sud: Nachaln'nik tamozhni obviniaetsia v postavkakh promtovarov iz Kitaia," *Kommersant*, 1 July 2004.

[219] Vladivostokskii Tsentr Issledovaniia Organizovannoi Prestupnosti, "Organizovannaia prestupnost' na Dal'nem Vostoke, obzor pressy 2005," electronic document, http://crime.vl.ru/docs/obzor/obzor_2005.htm, accessed 19 June 2006, 59.

steers the boat, and one to two, equipped with binoculars and radios, scan the beach for game wardens. In addition, local children are often employed as lookouts to warn the poachers of approaching wildlife inspectors.

Table 4: Major poached species in Primorskii Krai and designated use

Species	**Designated use**
Sea cucumber (Apostychopus japonicus)	Culinary and medicinal use
Sea urchin (Strongylocentrotus intermedius)	Culinary use (especially in Japan)
Amur tiger (Panthera tigris altaica)	Medicinal use
Brown bear (Ursus arctos horribilis) Himalayan black bear (Ursus torquatus)	Culinary delicacy (especially paws) Medicinal use (gall bladder bile)
Ginseng (Panax ginseng)	Medicinal use
Frogs	Medicinal use
Antlers-in-velvet (of different deer species)	Medicinal use

Trepang harvest is a dangerous business. Next to the surprise inspections of game wardens that are able to confiscate boats and equipment and arrest members of poaching brigades, the diving itself constitutes a dangerous activity. Due to over-harvesting, the sea cucumbers have to be retrieved from increasingly deeper waters, which bears a consequently higher risk for the divers. After the ice break-up in spring, bodies and equipment of divers wash onto the beaches on a regular basis. Even in the remote bays and coves at the foot of the Sikhote-Alin mountain range over harvesting has taken its toll. Several years ago, the daily harvest of a brigade could reach up to 1200 sea cucumbers. In 2001 the catch dropped to between 400 and 500.[220] Organized crime groups from Nakhodka and Bolchoi Kamen' are allegedly controlling the trade in sea cucumbers in Primorskii Krai. Each poaching brigade has to pay weekly dues between US$100 and 250.[221] These groups operate at the same time as middlemen between the poachers and Chinese wholesale dealers who on their turn organize the transport and smuggling to China. High competition and depleted sea cucumber populations have put considerable economic pressure on the poachers. Some of them have already left for a more profitable business, which is the harvest of sea urchin roe for export to Japan.

Several species of terrestrial fauna are also in high demand by Chinese wholesale dealers. The Amur tiger is mostly valued for its skin and bones. Almost extinct during the mid 20th century, the rare cat is regularly stalked by poachers in the forest of the Sikhote-Alin, who extract the precious parts for sale to Chinese middlemen. In China, tiger bones are used for aphrodisiacs and medicinal products, and liquor based on tiger bones is a valuable wedding gift for the groom. [222]

Brown bears and the rare Himalayan bear are also endangered by poachers, who are often only interested in certain parts of the animals. Gall bladder, as a source of

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[220] Aleksandr Mal'tsev, "Brakonery," *Vladivostok*, 20 July 2001.
[221] Ibid.
[222] Japan has also a small market for medicinal and alcoholic products based on tiger bones. See "Japanese Market Survey of Products Containing Tiger Parts and Derivatives," TRAFFIC East Asia - Japan February 15, 1999, electronic document, http://www.traffic.org/publications/summaries/tigersurvey.html, accessed 12 June 2006.

medicinal bile, is used in traditional Chinese medicine for a number of purposes.[223] In addition, bear paws are regarded as a delicacy in Chinese cuisine, since Mencius a follower of Confucianism extolled it as a most precious food item in 300 BC.[224]

The young, blood-rich antlers (antlers-in-velvet) of Manchurian deer are also used as medicinal ingredients and are frequently delivered by poachers to Chinese traders in Primorskii Krai. Chinese wholesale traders buy on a regular basis in the villages of the Sikhote-Alin a variety of species for export to China. Buying prices vary, but can sustain a successful harvester with a profitable income. As an example, below are the buying prices of a Chinese trader in Roshchino, the former Chinese village of Kartun at the Iman River, today's Bolshaia Ussurka (see Table 5).

The volume of contraband these middlemen traders turn over is far from small, as a police raid in Vladivostok illustrates. In spring 2004, a cache of more than 5000 kilograms of deer antlers was discovered in several containers in a storage area near an open-air market in the center of Vladivostok.[225] During another raid by local customs inspection, an equally staggering amount of animal parts was located in a truck at the border station of Poltavka. Owned by the Chinese company "Kamaz," the confiscated truck load consisted among other things of 768 bear paws, 1660 squirrel pelts, 1600 sable furs, 2180 black squirrel hides, 388 kilograms of dried sea cucumber, 49 kilogram frog fat, and 64 Reindeer penises.[226]

Frogs are yet another species harvested by a rural population that is looking for extra cash income opportunities. Chinese wholesale dealers are willing to pay up to 10 rubles per frog, which is valued in China for its fat.[227]

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[223] J.A. Mills, Simba Chan and Akiko Ishihara, "The Bear Facts: The East Asian market for bear gall bladder," TRAFFIC network report, July 1995, electronic document, http://www.traffic.org/publications/summaries/summary-bear.html, accessed 12 June 2006.

[224] Mencius wrote, "I like fish and I like bear's paw, but if I have to choose between them, I will let go of the fish and take the bear's paw. I like life and I like Rightness. But if I have to choose between them I will let go of life and take Rightness." Charles Muller, trans., "Mencius (selections)," Tōyō Gakuen University, electronic document, http://www.hm.tyg.jp/~acmuller/contao/mencius.htm, accessed 5 June 2006, 6A:10.

[225] Andrei Goriainov, "Kitaitsev vsiali za roga," *Vladivostok*, 17 March 2004.

[226] Vladivostokskii Tsentr Issledovaniia Organizovannoi Prestupnosti, "Organizovannaia prestupnost' na Dal'nem Vostoke, obzor pressy 2004," electronic document, http://crime.vl.ru/docs/obzor/obzor_2004.htm, accessed 20 June 2006, 68-69.

[227] Viktor Debelov, "Liagushki puteshestvuiut v Kitai i dazhe na Ukrainu, *Vladivostok*, 2 June 1999.

Table 5: Average prices for poached animals and plants (paid by Chinese wholesale buyers to Russian sellers in Roshchino, Primorskii Krai, 2004 prices)[228]

Item	**Price in rubles per unit (28 rubles = 1 US$)**
Cedar nuts	20-50 R / kg (shelled nuts) 100-120 R / Bag (nuts with shells)
Snake	100 R / meter
Frogs	5-10 R / frog
Gizzard of musk-deer	200 R / gram
Bear paw	5,000 R / kg
Ginseng	240 R / gram
Pelts: Mink Black squirrel Siberian polecat	 1000 R / pelt 500 R / pelt 500 R / pelt

One of the most highly priced items on the black market for bioressources in Primorskii Krai is the ginseng root. Despite the fact that large-scale agricultural farms in China, Korea, and the US produce the root for the international medicinal market, the wild form of ginseng is far more valued and higher priced. Large and old ginseng roots fetch the highest prices.[229] An average root can be sold for US$200, while large and anthropomorphic looking roots can easily reach several thousand dollars. The

[228] Personal communication with Julia Girnika and Nina Tsarevoi, Vladivostok, August 2004.
[229] The anthropomorphic appearance of a ginseng root has major influence on its value. A good form, that is human like, represents a powerful spirit, thus signifies more potency. The Chinese word for ginseng is composed of two characters, *ren shen* (Human ginseng), thus underscoring its human-like qualities. Sea cucumber, on the other hand, is *hai shen* (Sea ginseng). I thank Harald Sorg for this insight.

mountainous, deciduous forests of Primorskii Krai offer ideal conditions for the growth of these rare roots. [230]

Cedar nuts present a seasonal income opportunity for rural areas. During the fall, cedar nut collectors swarm out into the cedar woods of Primorskii Krai to collect the cones and extract the nuts. Groups that go for weeks on a gathering spree erect base camps in the forest where they extract the nuts from the cones and shells; weekend collectors carry portable graters and screens. For several Sunday evenings during early fall, cedar nut collectors line at the train stations with their heavy bags close to the gathering grounds. The faces and hands are blackened by resin and the train platforms are covered with nut shells. Many children are among the gatherers. The dirty and strenuous work is prosperous. Chinese buyers pay between 20 and 50 rubles per kilogram of shelled nuts.[231] The prices rise during the winter months to 100 rubles. Experienced collectors are thus able to earn US$1000-2000 per season. Almost the complete annual harvest in Primorskii Krai is exported to China, where cedar nut oil is appreciated for its nutritional value and therapeutic purposes.

Other illicit economies flourish as well along the borders of the Russian Far East (see Figure 12). I just briefly mention some of them to conclude the excursion into the gray area of cross-border trade. For instance, the export of scrap metal has become a lucrative business for port cities with large loading facilities, like Vladivostok and Nakhodka. The high demand for steel in the Asian market, especially in China, has substantially increased the raw material prices. Vladivostok's fishery harbor has turned into a large interim storage for scrap metal from Siberia and the Russian Far East. Abandoned industrial complexes from Soviet times have become gathering grounds for scrap metal collectors and the depletion of the former Soviet navy and fisheries fleet in the Pacific has added substantial amounts of steel to that business.

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[230] The locations of patches of ginseng roots in the forests are strictly guarded secrets, and stories about hidden ginseng plots deep inside the forest populate the rural folklore. For instance, the father of an interviewee kept several ginseng roots as a retirement saving hidden in a remote garden plot and on several occasions I was told of farmers who hunted with guns for Chinese ginseng poachers in their woods.
[231] Tatiana Kurochkina, "Narod shishkuet," *Zolotoi Rog*, 10 October 2004.

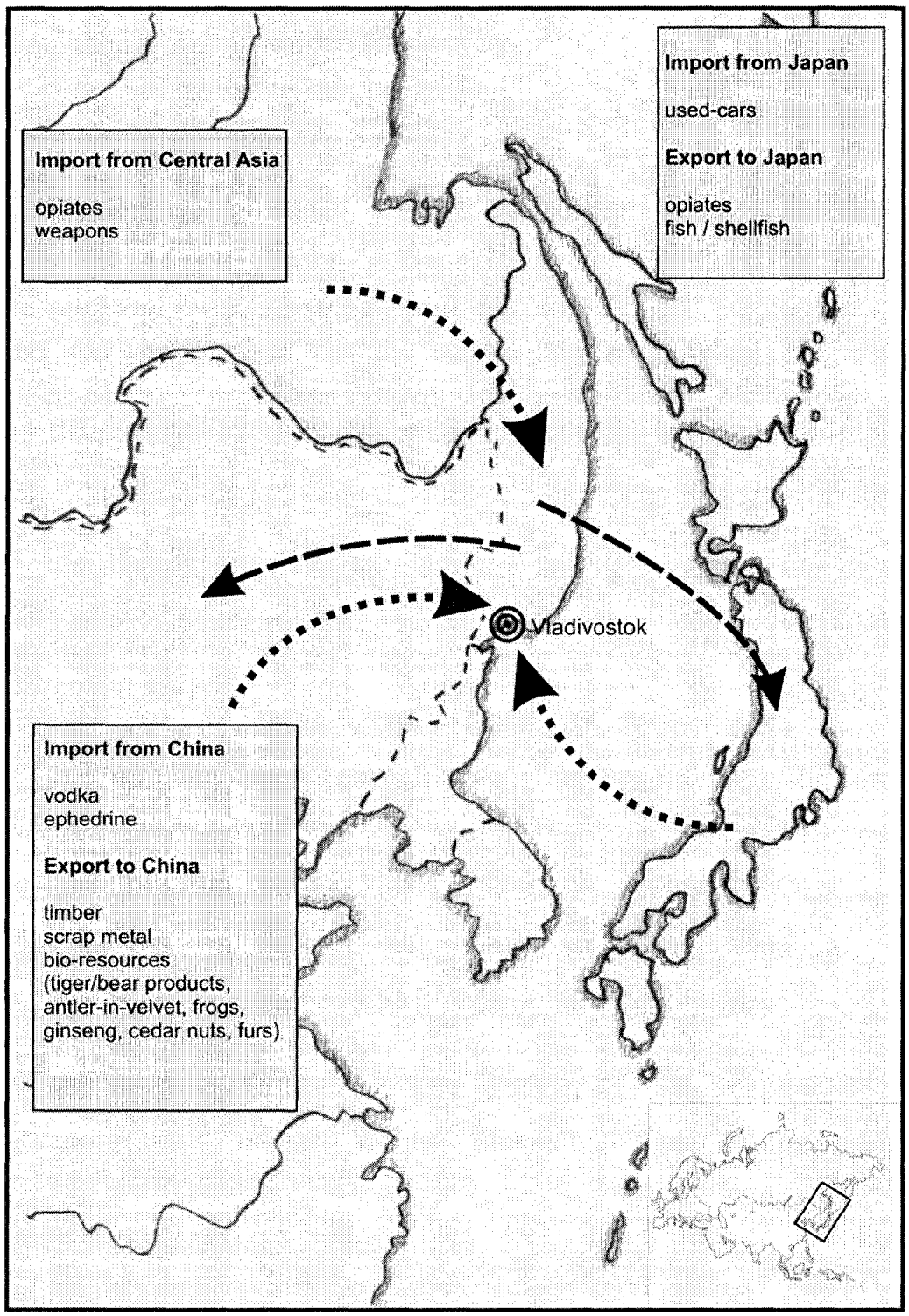

Figure 12: Illegal cross-border flows in and out of Primorskii Krai

During the recent years, Vladivostok has become an important reloading point and export hub for heroin from Central Asia. With the closure of Iran's border to Afghanistan in 1998, opium and its derivates are increasingly shipped through Central Asia and Russia to reach the European and East Asian markets. Vladivostok mainly functions as a bottleneck for the import of heroin into Japan. Regular freight routes between Japan and the Russian Far East present profound opportunities for smugglers to hide their contraband in conventional shipments to Japanese ports. On the receiving end, Vladivostok and the Russian Far East are subject to the import of Ephedrine from China on a large scale. Ephedrine pills are transformed in simple local laboratories into the meta-amphetamine Ephedron, *moolka* or *marsifal* in Russian slang, which enjoys a rising popularity among Russian drug-users.

Last but not least, Primorskii Krai and especially Vladivostok are increasingly becoming a frequented destination for Chinese tourists. Chinese tourists in Vladivostok are attracted to the city for several reasons. Affordable accommodation and living expenses in Russia create a relatively inexpensive tourist destination for the newly emerging Chinese middleclass. Comparatively cheap gold jewelry, gambling and Russian women are a magnet for thousands of Chinese who annually visit Vladivostok. Most of the major hotels in Vladivostok offer nightly striptease shows exclusively for Chinese tourist groups. Sauna clubs offer a complementary program. Cultural and legal differences between Russia and China (prostitution and gambling are illegal in China) have created a flourishing industry in Vladivostok and other larger cities in the Russian Far East. Strip bars and gambling establishments attract Chinese tourists in large numbers. On the other hand, Russian strip dancers are traveling in increasing numbers to neighboring China to perform in local restaurants and bars. The boundary between performative arts and prostitution, voluntary job choice and sex trafficking, is a blurred one. I do not want to explore here the implications of Russian sex workers in China and Russia, but rather argue how the opening of the Chinese-Russian border has created a variety of opportunity structures for local residents. Not all women in the bourgeoning

sex business between the two countries are victims of the circumstances. Some are attracted by the new possibilities and fascinated by the chances to work in a foreign country.

Elena started to dance 3 years ago in China in a Russian managed restaurant and dance club. In the evening Russian dancers performed striptease in the backroom. Elena worked for one or two months in a row. She still remembered her first time abroad:

> It was the first time for me that I was staying abroad. Everything was so interesting. I haven't seen these things before and immediately fell in love with the country. Everything was so unusual and the Chinese food is anyhow wonderful. It was very interesting for me how they dress and speak. What an interesting language.

Elena actually preferred to work in China, not only because of its exotic qualities:

> Simply said, here in the Russian clubs they show a louder [*khamstvo*] and ruder behavior. I don't understand why. If we go abroad we act more modestly. Here in Russia they behave like bosses. You understand, if we dance for them here, some have never seen striptease before and they start to act anxious and some try to overplay their masculinity with rudeness [*naglost'*]. Maybe that's the case. In China, though, they are more intelligent and friendlier.

Yet things have changed over the last years. The novelty of cross-border tourism and its economic prospects have slightly waned, a fact Elena stressed, "The Chinese came six or seven years ago [to Vladivostok]. Many, probably half of China were here during the last years. The girls [striptease dancers] made good money back then. Now it declined. The Chinese got greedy, it is a shame."

4.4 Border economies

For one can go across the border naked but not without one's skin; for, unlike clothes, one cannot get a new skin.

Karl Kraus

The transformation brought about by the collapse of the Soviet Union and the numerous border crossings triggered by the opening of the border to China has created an economic, national, and geopolitical borderland in the Russian Far East. Cross-border traders and residents are entangled through border economies. As economies between self and other, "they implicate the twin narratives of inclusion and incorporation on the one hand and of exclusion and dispossession on the other."[232] People who cross international borders have to negotiate new social and economic relations; at the same time, residential populations have to adapt to this new influx. Citizens and traders in the cultural and political landscape of the Russian Far East are situated in a border zone in multiple ways. They are affected by the social and cultural changes accompanying the passage from one state to another, from communism to capitalism, and at the same time are influenced by a cross-border flow of people and commodities.[233]

Borders and borderlands have been the subject of anthropological inquiry from different theoretical and methodological angles. Anthropological research on borders can be roughly grouped in three fields of study: social boundaries, cultural boundaries, and territorial boundaries. Compared to social and symbolic boundaries, geopolitical and state boundaries have seen relatively little scrutiny from the field of anthropology.[234]

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[232] Hastings Donnan and Thomas M. Wilson, *Borders: Frontiers of identity, nation and state* (Oxford: Berg, 1999), 107.

[233] Viktor Larin, "Kitai i Dal'nii Vostok Rossii v 1990-e gody: Problemy vzaimodeistviia na regional'nom urovne," in *Perspektivy Dal'nevostochnogo regiona: Mezhstranovye vzaimodeistviia*, eds. G. Vitkovskaia and D. Trenin (Moskva: Gendal'f, 1999).

[234] See Donnan and Wilson, *Borders*, 26. Early exceptions are two classical studies that have clearly addressed political boundaries between nation states in their analysis of border villages: John Cole and Eric

Hastings Donnan and Thomas Wilson point to the fact that under representation of territorial border studies in the field of anthropology can be partially attributed to the technical difficulties that researchers are faced with, especially in contested border zones.[235]

With my research on shuttle traders at the Russian-Chinese border I have aimed to provide such fieldwork. In the framework of an anthropology of border cultures, I described the inner workings and social networks of the shuttle trade between Russia and China. At the same time I tried to attend to the larger dynamics of the "borderland milieu," incorporating other commodity flows, like the poaching and smuggling of biological resources.[236] In the following pages, I turn to the relation of specific economic practices to their location in a borderland. Borderlands have special characteristics and functions, and borders represent both institutions and processes.[237] Economic practices thriving in a border region are based on border crossings and commodity flows from one country into the other. The concept of borderland helps to spatially resituate legal and illegal commodity flows by focusing on local actors that constitute a borderland society and that profit from the peculiar characteristics of the border.[238] In the borderland, ecological processes, commodity flows and social networks intertwine. Borders are social constructs and have symbolic characteristics as well, but nevertheless, they are

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Wolf's study of two villages on opposing sides of the Italian Austrian border, see John W. Cole and Eric R. Wolf, The Hidden Frontier: Ecology and ethnicity in an alpine valley (New York: Academic Press, 1974); and Abner Cohen's work on Arab villages in Israeli borderland, see Abner Cohen, *Arab Border-Villages in Israel: A study of continuity and change in social organization* (Manchester: Manchester University Press, 1965).

[235] Donnan and Wilson, *Borders*, 14-15.

[236] According to Oskar Martinez a "borderland milieu" is shaped by transnationalism, political and social separateness, ethnic and international conflict, and accommodation. See Oskar Martinez, "The Dynamics of Border Interaction", in *Global Boundaries: World boundaries, volume 1*, ed. Clive H. Schoefield (London: Routledge, 1994), 8-14.

[237] Malcom Anderson, *Frontiers: Territory and state formation in the modern world* (Oxford: Polity, 1996), 1-3.

[238] Willem van Schendel has described a borderland "as a zone or region within which lies an international border, and a borderland society as a social and cultural system straddling that border." See Willem van Schendel, "Spaces of Engagement: How borderlands, illegal flows, and territorial states interlock," in *Illicit Flows and Criminal Things: States, borders, and the other side of globalization*, eds. Willem van Schendel and Itty Abraham (Bloomington: Indiana University Press, 2005), 44.

also very material places, involving commodities, bodies and ecological systems alike.[239] To illustrate these interlinkages is the goal of this chapter.

First and foremost, as borders secure the territory of a state, a national border represents a question of state control. But, how much control has the Russian state over its border to China? On the one hand, it is a tightly controlled, demarcated military and state border. Thousands of miles of fortified barbed wire fences and watchtowers eyeing each other across the barren strip of no-man's-land are the visual proof. On the other hand, endemic corruption in the Border Guards and a limited visa-free travel regime for Russia and Chinese tourist traders transformed the border to a rather porous demarcation line for certain people and commodities. Borders have different grades of permeability depending on the category of goods or classes of people that cross them. In addition, border permeability can change through time. Hastings Donnan and Dieter Haller used the image of a zipper to address the waning permeability of a border, "Just like a zipper, a border is never completely open or closed when seen over the long term."[240]

Border spaces also represent contact zones. The temporary halt of commodities, border crossers, and border commuters at border checkpoints creates opportunities of social networking. For instance, *chelnoki* regularly make connections with fellow professionals at these points where their journey is inevitably interrupted for several hours at a time. This momentary stasis also presents a privileged point of observance for the anthropologist, who tries to get a hold of the elusive character of transnational commodity flows and cross-border trade.[241]

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[239] Eeva Berglund shows in a study on the Finnish-Russian border how ecological processes interlink with social ties. The materiality of the border forest, i.e. Finnish logging companies entering Russian Karelia, creates social links fostered by environmentalist across the border. See Eeva Berglund, "From Iron Curtain to Timber-Belt: Territory and materiality at the Finnish –Russian border," *Ethnologia Europaea* 30, 2 (2000): 23-34.

[240] Hastings Donnan and Dieter Haller, "Liminal no More: The relevance of borderland studies," *Ethnologica Europaea*, 30, 2 (2000), 13.

[241] Willem van Schendel has proposed five perspectives on illegal flows that can be gained by closely analyzing the borderland and its actors: (1) the perspective of transporters of illicit goods, (2) the intermingling of legal and illegal flows, (3) social networking around the border, (4) local perspectives on illegal flows, and (5) every-day negotiation of territoriality and transnationality. See Willem van Schendel, "Spaces of Engagement," 47-49.

What is the border, where does it begin and where does it end? This might be a naïve question, given the fact that state borders are clearly demarcated entities, authoritatively inscribed in the landscape and ultimately defined on maps. Yet under closer scrutiny the question becomes relevant. Robert Alvarez and Gorge Collier have shown in their ethnographic study of differing business cultures among long-haul truck drivers from northern and southern Mexico how the concept of borderland has to be expanded into the hinterland of a country, in their case Los Angeles, California:

> In our analysis of northern Mexican trucking, the Los Angeles wholesale markets are as much a 'borderland,' for the way they juxtapose and confront Anglo and Mexican ways of doing business, as the usual U.S-Mexico frontier that Mexican truckers cross through Tijuana.[242]

Thus, borderlands can actually exist inside of nation states, fixed cultural units, or cities and the expansion of the border concept can similarly be applied to the Russian Far East. Where is the borderland in the Russian Far East located? Along the barbed wire fence separating the two nation states, or in multitude along the thousands of Chinese dominated market stands of the Russian Far East's open-air markets? As I have shown in the proceeding chapter, cultural borders are constantly erected inside the cities, exemplified by the ethnically divided topography of street markets and niche economies monopolized by different ethnic groups. Or is the borderland located in the woods of the Sikhote-Alin mountain range where Russian poachers meet with their Chinese middlemen? I would like to leave this as an open question and rather use it as a starting point to see how border economies can subvert the very concepts of the state.

Anthropological case studies on trader tourism, involving the movement of sellers and buyers into neighboring countries under the guise of tourism, reflect the important

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[242] Robert R. Alvarez and G. A. Collier, "The Long Haul in Mexican Trucking: Traversing the borderlands of the North and the South," *American Ethnologist* 21, 3 (1994), 607.

role of borders and border zones in the fields of production, trade, and consumption.[243] Trader tourism has become an essential part of the economies of the post-Soviet successor states by mainly supplying the open-air markets with an array of goods. Vladivostok and the Russian Far East are no exceptions. To a certain degree, these informal economies flourishing in the borderland subverted the hegemony of the state and its territorial integrity.[244] Hastings Donnan and Thomas Wilson see in these informal economies activities that "threaten to subvert state institutions by compromising the ability of these institutions to control their self-defined territory."[245] In addition to escaping state control, shuttle trade and smuggling subvert the very foundation of the state, which is the monopoly on taxation. Essentially, smuggling is a crime against the state.[246] At the same time, it also exposes the weakness of the same, as Hastings Donnan and Thomas Wilson have repeatedly stressed, "A subversive economy [...] is one which exposes the weaknesses of the state and reveals the complicity of state agents in many cross-border activities."[247]

The boundary between legal and illegal cross-border trade is a blurred demarcation line. Ideal-typical, cross-border trade between Russia and China can be divided into three different categories: formal trade, shuttle trade, and smuggling. In reality though, the divisions are less clear, and especially the shuttle trade presents a case where legal activities merge with illegal conduct. In a strict judicial sense, the business of the *chelnoki* operates inside a lawful framework, which is the law on personal weight allowance for tourists. Yet the large-scale use of hired shuttle traders by trading companies, which import thousand of tons of merchandise by using the personal weight

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[243] See for example, Ulf Hannerz, *Transnational Connections: Culture, People, Places* (London: Routledge, 1996); Andrea P. Cheater, "Transcending the State? Gender and borderline constructions of citizenship in Zimbabwe," in *Border Identities: Nation and state at international frontier*, eds. Thomas M. Wilson and Hastings Donnan (Cambridge: Cambridge University Press, 1998), 191-214; Chris Hann and Ildiko Beller-Hann, "Markets, Morality and Modernity in North-East Turkey," in *Border Identities: Nation and state at international frontier*, eds. Thomas M. Wilson and Hastings Donnan Cambridge: Cambridge University Press, 1998), 237-262.

[244] Donnan and Wilson, *Borders*, 4.

[245] Ibid., 88.

[246] John A. Price, "Tecate: An industrial city on the Mexican border," *Urban Anthropology* 2, 1 (1974), 35-47.

[247] Donnan and Wilson, *Borders*, 105.

allowance of 'tourists,' subverts the import tax regime of Russia. In addition, some shuttle traders use their regular sojourns to China to smuggle alcohol back into Russia. In these cases, the crossing of a single shuttle trader can integrate different forms of legal and illegal conduct – a *chelnok* is legally importing merchandise into the country but at the same time smuggling illegal contraband. This blending of legal and illegal spheres is exactly what characterizes cross-border trade in many instances. Cross-border trade consists of multi-layered routes, where the legal blends with the illegal in a single transportation channel.[248]

In Primorskii Krai, conflicting images exist of what role the border population play in the trade between China and Russia. One image portrays shuttle traders and poachers as mere unintentional helpers of Chinese middlemen who exploit the national resources for personal gain.[249] Poachers are stigmatized as predatory exploiters of Russian resources and as wilful accomplices of foreign entrepreneurs. Despite the illegal nature of poaching and the depletion of endangered species, other opinions recognize the economic benefits for the local population that supplies them with 'secure' cash income in a debilitated economic environment. For many residents in rural areas poaching presents an economic survival strategy. A similar situation applies to the population living in the provinces of Primorskii Krai along the border to China. Excluded from the economic boom of the late 1990s, which was mainly profitable for urban centers like Vladivostok, a mostly rural population found eagerly needed employment in the gray economic sector of the shuttle trade.

Far from being passive players in a borderland dominated by Chinese entrepreneurs, shuttle traders and poachers have to negotiate different roles and strategies. Trader

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[248] Carolyn Nordstrom speaks in this context of "entangled roads," thus characterizing cross-border trade routes where the formal and the legal mix with the non-formal and the illicit in one channel. See Carolyn Nordstrom, *Shadows of War: Violence, Power, and International Profiteering in the Twentieth-First Century* (Berkeley: University of California Press, 2004), 93.

[249] A journalist in Vladivostok, for instance, angrily expressed in an article on resource exploitation in the Primorskii Krai the role of his fellow countrymen, "We, like usual, play the role of stupid resource suppliers [tupykh postavshchikov syr'ia]." See Akeksandr Losev, "Orekhovyi pozhar," *Vladivostok*, 11 November 1998.

tourists have to interact with different social and ethnic groups, thus having to transgress group boundaries on a regular basis.[250] Other cases of informal cross-border trade have underscored a similar notion of highly agile economic actors in the borderland. George Lin and Pauline Tse, for instance, have shown in their study on cross-border trade between Hong Kong and the neighboring province, how the "practice of flexible sojourning" is a creative and strategic way for border residents of different social backgrounds to use the potential of a border in an active and dynamic way.[251]

Informal economies in the Russian Far East and the different actors involved at certain points of the commodity flow can form complex commodity chains. Producers, traders, transporters, middleman, and consumers are interconnected through commodity flows as well as money transfers. Different grades of complexity can be distinguished. Janet MacGaffey and Rémy Bazenguissa-Ganga differentiate in their study on African informal traders in Paris between simple and complex sales circuits according to the number of involved actors, or what they call "roles."[252] Complex sales circuits involve more than three roles or combine different circuits with each other. The work of an independent shuttle trader along the Russian-Chinese border represents a simple sales circuit (see Figure 13 A). Without the help of a transporter, that is a tour company, the *chelnok* acquires merchandise in China, imports it to Russia and either sells it directly to a wholesale dealer or organizes the retail sale on his or her own. Hired shuttle traders, on the other hand, are employed by a middleman through a 'tour company,' which also organizes the transport, including border formalities (see Figure 13 B). Although, technically a simpler activity for the *chelnok*, who merely acts as a transport vehicle for imported merchandise, the actual sales circuit includes a minimum of four actors. Even more complex is the sales circuit, for instance, involved in the smuggling of *trepang* (see Figure 13 C). A poacher brigade sells to a middleman, who on his or her turn resells to a

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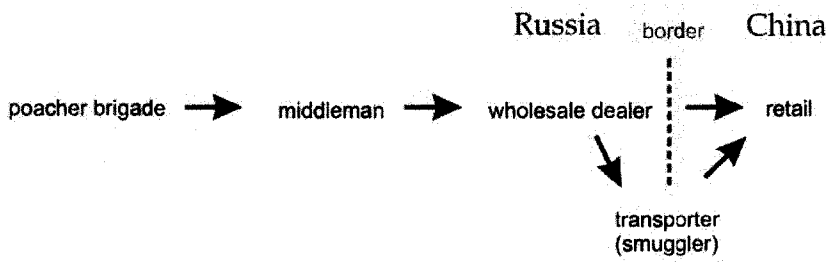
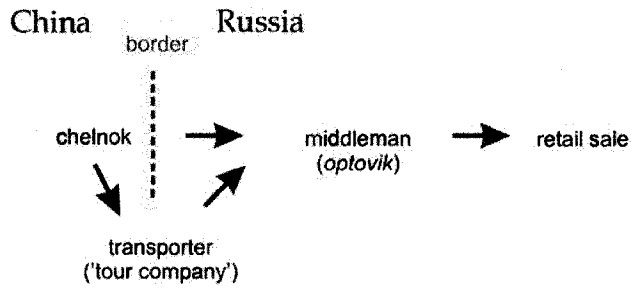
[250] Yulian Konstantinov, Gideon M. Kressel, and Trond Thuen, "Outclassed by Former Outcasts: Petty trading in Varna," *American Ethnologist* 25, 4 (1998), 736.
[251] George Lin and Pauline Tse, "Flexible Sojourning in the Era of Globalization: Cross-border population mobility in the Hong Kong-Guangdong border region," *International Journal of Urban and Regional Research* 29, 4 (2005), 889.
[252] MacGaffey and Bazenguissa-Ganga, *Congo-Paris*, 74.

wholesale dealer who then hires smugglers to transport the merchandise to China for subsequent retail sale.

A. *Trepang* smuggling



B. Hired shuttle trade



C. Independent shuttle trade

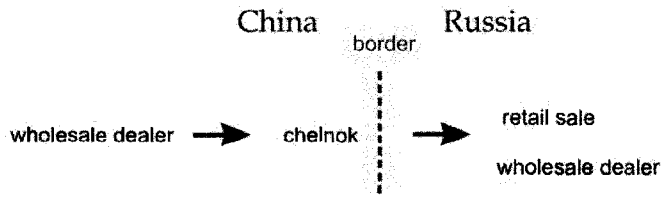


Figure 13: Cross-border trade circuits

Higher complexity of a sales circuit also means a more intricate money flow. Neither the Chinese renminbi nor the Russian ruble is officially convertible, which considerably complicates currency transactions between the two countries. A simple, but very effective underground banking system has therefore evolved. Known under its Chinese name *hui kuan* ("to remit sums of money") or *fei chien* ("flying money"), the remittance system is regularly used by Chinese traders to transfer money back and forth from China to their countries of operation.[253] The system works in a simple way. If a Chinese wholesale dealer in Vladivostok, for example, wants to buy a shipment of shoes in China he pays the specific amount to a broker in Russia who organizes for a small percentage the transfer of his money to the receiving party in China, which can pick up the money at the broker's partner in China. Chinese owned tour companies play here an important role as facilitators for the money transfer. The term "flying money" is actually a misnomer, because the distinctiveness and beauty of this remittance system lies in the fact that actually no money is crossing the border. At this point the money broker in Russia owes his Chinese partner the sum in question. If during another transaction, for instance, a Chinese business man wants to pay for a shipment of *trepang* from the Russian Far East he again pays the broker and his party can retrieve the money on the Russian side. By now, the Chinese broker owes his Russian partner this sum. Subsequent money remittances from both sides counter balance each other and occasionally the books are entirely balanced. Financial records are kept to a minimum, the communication consisting merely of phone calls, e-mails, and encoded notes. This transaction system hardly leaves any paper trail and anonymity for all participants is guaranteed, which makes it an almost ideal transnational remittance system for both legal and illegal border transfers.

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[253] The Chinese remittance system is in its basic structure identical to the so-called *hawala* system, which is widely used in the Arabic world as an underground banking system. In 2002, an estimated amount of US$200 million was transferred from China to the Russian Far East, mostly through underground remittance systems. See Bertil Lintner, "Triads tighten grip on Russia's Far East," Asia Pacific Media Service, electronic document, http://www.asiapacificms.com/articles/russia_triads/, accesses 12 December 2005.

Borders are zones of value production and border crossings can be acts of value creation. Commodity trade and smuggle in the Russian-Chinese borderland is not only based on an economic disparity between the two countries, but also on different cultural demands. Cultural difference is here used as capital for cross-border trade. Plants and animals, which are highly valued in Chinese cuisine and medicine, thus become priced commodities for entrepreneurs on both sides of the border. People involved in the cross-border trade profit from cultural and economic imbalances at the same time. The value difference of certain commodities in China and Russia has opened economic opportunities for a range of actors. Similar phenomena of value creation in borderlands and entrepreneurial initiatives of borderlanders can be observed along many of the world's national borders. For instance, Donna Flynn has shown in her study of Yoruba speaking residents in the Bénin-Nigeria border zone how "borders can become corridors of opportunities" and how a loosely controlled border zone itself can become a source of income for a local population:[254]

> Commodities that move across the border are powerful and form the centre of political struggles between social groups precisely because they are bridging two national economies. Likewise, border residents draw their economic and political power from their positions in the interstices of the borderland.[255]

Commodities and bodies blend in the border zone. A border can have a corporeal effect on the body of the borderlander and sojourner. Dieter Haller, for instance, shows in an example of the cross-border smuggling between the British enclave Gibraltar and Spain how clandestine trans-border traffic forms the habitus and body style of young men involved in tobacco smuggling. The young men in their high-powered speed boats and big cars with tinted windows quickly acquired visible Mafiosi attributes; often

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[254] Donna K. Flynn, "We Are the Border: Identity, exchange, and the state along the Benin-Nigeria border," *American Ethnologist* 24, 2 (1997), 313.
[255] Ibid., 320.

derived from Hollywood movies, like sunglasses, muscle shirts, slicked-back hair, golden chains and earrings.[256] Haller focuses on how living at a border influences bodily experiences for certain groups involved in cross-border travel (smugglers and participants at beauty pageants) and sees the border as a zone of "habitualization."[257] Border crossing is a corporeal experience and thus has an impact on the body. Bodies on the move react to their environment and border crossings expose the body. Strip search and luggage checks during customs inspection screen the body for contraband. The piercing stare of the customs official exposes the transgressing body to the penetrating gaze of state control. The X-ray machine is the modern day extension of that gaze, a reassurance of the state's power to shine through the trespassers on its border.

[256] Dieter Haller, "The Smuggler and the Beauty Queen: The border and sovereignty as sources of body style in Gibraltar," *Ethnologia Europaea* 30, 2 (2000), 65.
[257] Ibid., 69.

Chapter 5 – "The Harder the Rain the Tighter the Roof": Organized crime networks in the Russian Far East

5.1 Shroud of winter

Death is the silence in this language of violence.
Michael Franti, Disposable Heroes of Hiphoprisy

Komsomolsk-na-Amure, November 10, 2004. The dense snowfall of the night has covered the city with a fine powdery layer of snow. The white shroud of winter has fallen. The black Volga pushes sluggishly through the snowstorm. "There will be many accidents today," the taxi driver notes briefly while he takes the right turn to the old graveyard. Matching the color of his car, he is dressed in black. The roads are slippery. We keep silent, as we leave the outskirts of town behind us. First we pass the local steel plant; then, only for a moment, the contours of the city's heating plant's cooling towers appear out of the white swirl. The snowstorm increases its intensity, as dense clouds of spindrift roll toward us. By now, the road is completely covered with snow. Suddenly, the Volga goes slightly off its lane. Gnawing on his lips, the driver wrestles to control the heavy car. The worn-out windshield wipers scratch a monotonous beat.

Komsomolsk-na-Amure, an industrial city of 300,000 at the lower reaches of the Amur River, was for decades the home of one of Russia's notorious underworld authorities. Known under his criminal nickname Dzhem, and recognized among his peers as the exclusive *krestnii otets* (godfather) of the Russian Far East, he ranked high in the Russian underworld pantheon populated by famous godfathers such as Iaponchik (Viacheslav Ivan'kov), Taivanchik (Alimzhan Takhtakhunov), and Silvester (Sergei Timove'ev).

After 30 minutes, the taxi driver and I arrive at the old graveyard of Komsomolsk-na-Amure. "I'll be back in half an hour," I explain to the taxi driver; then step out of the car. The door slams shut. Only a few cars are standing on the parking lot next to the graveyard. The graveyard expands between several small hills that are dotted with patches of birch trees. Avoiding the main entrance of the graveyard, I jump over a little fence. The narrow paths between the graves are covered in knee-deep snow. Looking for a suitable way to navigate between the graves, I end up on a little hill overlooking the graveyard. A monumental grave has been placed on the open crest for a young man who had died the year before at age twenty-nine. Sergei Aleksandrovich Lepeshkin had been found dead in his prison cell in Khabarovsk, hanged by his own shoelaces. He was well known under his alias Lepekha to the local underworld and was one of the city's youngest criminal authorities, 'crowned' by Dzhem the godfather himself to be a true *vor v zakone*, a thief professing the code, an aristocrat in Russia's traditional criminal underworld, and a member of his powerful organization[258]. Russian gangsters die young.

A dark gray marble headstone in the middle of a polished tomb-like grave is situated next to an over-sized orthodox cross. The headstone reaches out into the whirly white sky. The image of the deceased is engraved into the headstone with hyper clarity on the stone. The engravement is larger than life. A beaten trail runs down the hill. Fresh tracks lead through the snow down the trail. I follow them. A couple of yards behind a bend at the foot of the hill another grave appears. It is even larger than the one on the top. This is Dzhem's final rest, the tomb of the famous godfather. His larger-than-life image, a beefy face on a hefty body in a suit, is engraved on the black, polished headstone. Dzhem had died in federal prison three years earlier, just a month after his arrest. The circumstances of his death were mysterious and still fuel rumors and numerous conspiracy theories. The official version of his death is plain: cardiac arrest. I remember the words of my friend Viktor, who had led me to the tomb for the first time a couple of days earlier, "He was a real *vor*, he had spent half of his life in prison, and that is where he finally died." He missed his 50th birthday by only two weeks.

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[258] Moskovskaia Khel'sinkskaia Gruppa, "Politicheskie i drugie ubiistva, sovershennye agentam vlastei," electronic document, http://www.g.ru/publications/3DE13AA, accessed 29 November 2005.

Dzhem's real name was Evgenii Petrovich Vasin, born November 10, 1951, in Borzia in the Chitinskaia Oblast in southern Siberia. Soon after his birth his family moved to Komsomolsk-na-Amure, which became the place where he prospered. At the age of 14, he was arrested for hooliganism, a common charge during the Soviet period under which all kinds of different 'anti-social' behaviors were subsumed. During the 1970s, Vasin headed the local soccer club of Komsomolsk-na-Amure as a coach. His plan to advance his team to the next higher league failed. Instead, the team members, under his guidance, branched into extortion such as extracting money from local businessmen. Extortion in the Soviet Union during that time was still in its infancy, nevertheless Vasin's group managed to monopolize all business in Komsomolsk-na-Amure by violently pushing out other criminal groups[259]

Succeeding arrests followed on charges of hostage taking, robbery, and murder. Serving various prison terms, Vasin moved through different prison camps in the Far East, where he was introduced to the criminal subculture of the Soviet penal system and where he made the acquaintance of several high-ranking criminals. In 1985, he received his 'coronation' as a *vor v zakone* by Dato Tashkentskii, a close friend to the legendary Russian godfather Iaponchik.[260]

Released from prison again in the early 1990s, he officially worked as a supplier for the cooperative *Druzhba* (friendship) in Komsomolsk-na-Amure. His influence in the city and the region grew substantially during the mid-1990s culminating when Vasin took control of the Far Eastern *Obshchak*, a conglomerate of traditional crime groups with a common fund or treasury. His sphere of control encompassed three administrative regions of the Russian Federation. The transitional phase of the Russian economy after the collapse of the Soviet Union provided Vasin's organization with a wide and diversified range of economic opportunities. The nascent market of imported used cars, fisheries, shipping companies, and gasoline wholesale were either subject to protection

[259] Viacheslav Razinkin, *Tsvetnaia mast: Elita prestupnogo mira* (Moscow: Veche, 1998), 2.
[260] Vladimir Novikov, "Iablochnyi Dzhem," *Ezhednevnye Novosti*, 2 November 2001.

fees or partially controlled by the *Obshchak* itself.[261] As the shadow ruler of Komsomolsk-na-Amure he cultivated the image of a provider of law and order in his town. Yet his influence exceeded the city limits of Komsomolsk by far. His business practices openly challenged the local security organs and competing criminals. On a local television broadcast in 2000, he proudly announced, "This is my *krai* (region), and I want order here."[262]

November 10, 2004, would be his 53rd birthday, the reason why I went to the cemetery today. Fresh snow covers the old flower arrangements on Dzhem's grave and the marble table and benches adjacent to the grave. In Russia, the living are celebrating in honor of the deceased on their graves. Next to Dzhem's monument, part of the same complex, is another grave. Volkov, another authority from Russia's Far Eastern illustrious criminal underworld, has found his eternal rest in this cemetery. Suddenly, my contemplations are interrupted. A small group of people approaches the tomb. I attempt to project indifference and start heading down the trail toward them. Without uttering a word, the group of men in well-tailored black winter coats passes by. Some of them carry red roses. After a short while, I stop in my tracks and hide behind a grave stone framed by two birch trees. The procession stops in silence in front of Dzhem's grave. Some of the men remove the freshly fallen snow from the graveside. Their heads are lowered.

A legendary funeral is an excellent beginning for a sustainable myth. Dzhem's funeral three years before had been a nationally televised event. More than 2000 people had attended the memorial service, stretching the logistical abilities of Dzhem's organization to their limits. The director of the regional crime fighting unit of the Interior Ministry estimated that more than 50 leaders of Russia's criminal world attended the funeral.[263] Guests came from the entire territory of the former Soviet Union, from the Ukraine, Georgia, Azerbaijan, Armenia, and the Central Asian republics – an echo of the wide-spread nature of Russia's traditional crime networks. All hotels and boarding

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[261] Irina Petrakova, "U kriminal'nykh avtoritetov epidemiia infarktov," *Gazeta.ru*, 27 October 2001, electronic document, http://www.gazeta.ru/2001/10/26/ukriminaljny.shtml, accessed 21 December 2005.
[262] Galina Mironova, "Ugolovnik, ob'iavliavshii sebia pervym nomerom v Primor'e, umer v Khabarovskom SIZO," *Komsomol'skaia Pravda*, 25 October 2001.
[263] Petrakova, "U kriminal'nykh avtoritetov epidemia infarktov."

houses in Komsomolsk-na-Amure and vicinity were booked well in advance. Because Komsomolsk has no national airport, most of the guests had to fly into Khabarovsk, and had to be driven in vehicles for the last stretch of 350 kilometers. To make matters worse for the organizers, one of the more important guests, the Georgian *vor v zakone* Revas Tsitseshvili, also known as Tsitsa, died of a heart attack during the flight from Moscow to Khabarovsk, raising even more questions about the involvement of the state's involvement in Dzhem's death.[264]

In order to keep more distance from the group, I now retreat into the graveyard. My movements are frantic and one of my feet gets caught in a root underneath the snow. I slip and fall between two graves. The snow feels like cold dry powder as it creeps up my sleeves. I curse myself, stumble back on my feet, pad the snow off my coat, and disappear into the maze of hundreds of regular graves. Only few of them have actual gravestones. Most are decorated with a simple wooden or metal cross, some front the communist star. These small graves, surrounded by little fences, bear little resemblance to the monumental tombs of the godfathers.

During his last years, Vasin had successfully cultivated the public image of an ordinary businessman with a benevolent spirit. In 1996, he founded the charitable foundation *Sostradanie* (compassion) in Komsomolsk-na-Amure with subdivisions in Khabarovsk, Birobidzhan, and on the Island of Sakhalin.[265] Members of this social charity included former inmates, writers, former police officers, university teachers, and several *vory v zakone*. In addition, Dzhem had set up recreational camps for orphans on two islands of the river Amur. One camp on the island of Malaikina, which is close to Komsomolsk-na-Amure, is called by some of the locals "Dzhems' Island." The other camp is on the island Lesnoi, which is located in the Amurskaia Oblast, and is called *tabor*, in reference to a traditional gypsy encampment.[266]

There was one incident that shattered Dzhem's image as a guarantor of stability and order in Komsomolsk-na-Amure, the incident that ultimately led to his sudden death. In

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[264] Oleg Zhunusov, "Vor v zakone umer po puti na pokhorony kollegi," *Izvestia*, 26 October 2001.
[265] Petrakova, "U kriminal'nykh avtoritetov epidemia infarktov."
[266] Zhunusov, "Vor v zakone umer po puti na pokhorony kollegi."

the early evening on February 22, 2001, the café *Charodeika*, a popular spot among the town's youth, was firebombed. Several assailants set the wood and the plastic of the interior on fire, turning the café into a crematorium. Eight died, 20 were wounded, some of them severely. Most of the victims were girls in their late teens.[267] The city was in shock. The firebomb attack had been the first documented 'terror act' in Komsomolsk-na-Amure, a city that, so far, had been spared by the gangland shootouts characteristic for so many Russian cities in the mid-1990s. The city's inhabitants were outraged; parents and school children demonstrated, demanding decisive action from the local authorities.

The owner of the afflicted café was the businessman Eduard Zaitsev. Zaitsev was a member of the local city parliament and the director of the company *Vtormet*, specialized in scrap metal recycling. He had invested his profits in several cafes and restaurants. Rumors spread fast: Zaitsev had been reluctant to cooperate with Dzhem's organization and had refused to pay the protection fees. Instead, he had collaborated with a minor crime group with contacts to the local police, facilitating an alternative protection contract for his business.[268] The public perceived the attack on the café as a sheer power demonstration of Komsomolsk's shadow lord. Soon after the incident four young men directly involved in the firebombing were arrested. Yet the authorities did not stop here. Seven months after the attack on the café Vasin was detained. This was a high profile case. Russia's general prosecutor had sanctioned the arrest himself.[269]

I return twenty minutes later to Dzhem's tomb, which lies now abandoned, the marble table freed of snow. Several bundles of red roses had been placed on the gravestone. Some of the petals had fallen off, scattered on the snow like fresh drops of blood. Suddenly, while I am taking some pictures of the tomb, two men approach me quick and determined. I hastily retreat through deep snow. One of the men follows me uphill. Again, I try to appear casual, scrutinizing some random gravestones. "Did you get

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[267] Mironova, "Ugolovnik, ob'iavliavshii sebia pervym nomerom v Primor'e, umer v Khabarovskom SIZO."
[268] Sergei Minigazov, "Ubit' Drakona," *Molodoi Dal'nevostochnik* 15, 11 April 2001.
[269] Mironova, "Ugolovnik, ob'iavliavshii sebiapervym nomerom v Primor'e, umer v Khabarovskom SIZO."

lost?" suddenly asks a voice right next to me. I startle and look up into a smirking face. My friend had warned me of the tomb's guardians, all members of the thieves' brotherhood. One of their duties is to safeguard the tomb against potential grave robbers. A large amount of gold had been buried with the godfather. "I am looking for my relative's grave," I reply dumbfounded. To my surprise and relief, the answer satisfies his prying. He turns around and disappears between the graves. Relieved I walk towards the exit of the graveyard. Another guardian is already waiting here for me. He is not grinning. His left cheek is swollen. A large fur hat sits firmly on his bulky head. He comes straight to the point: "Why were you taking pictures of the tomb?" "Just because," is my unresourceful answer. This does not satisfy him at all. "Hey brothers, come over here, we have a guest." He waves to a group of young men standing between two metal sheds next to the entrance portal. It takes only a moment and I am surrounded. Emotionless eyes stare me down. Everybody is wearing a similar looking large fur hat. One seems to be the leader of the group. He steps forward and plants himself in front of me starting the interrogation: what are you doing here, why do you take pictures, where are you from, where do you live? I am taken by surprise; my excuses are more than pathetic. Yet, my studied naivety seems to be disarming. The spokesman tones down his inquisitive voice and asks me for my address in town. I show my hotel's check-in card. He studies it intensely, memorizing my name and room number. "How much longer are you going to be in town?" "At least a week," I lie, though I was already planning to leave by tomorrow. My answer seems to satisfy him. He thinks for a moment, nods without really looking at me, and then hands me back my card. The circle of towering fur hats parts. I slip away. Picking up my pace I can hear the leader ask one of his crewmembers what I was actually taking pictures of. I do not wait for an answer and head swiftly to my waiting taxi, slip into the seat and close the door. The engine roars and the departing car gusts up a cloud of snow. In silence we ride back to town. It is still snowing heavily.

5.2 "The thieves professing the code"

Remember, besides the thief none is given the right
to decide the destiny of men.
Excerpt from "A Thief's Note"

The concept of *vor v zakone* is central to understanding the history and genesis of organized crime in Russia. Literally translated it means thief-in-law.[270] The beginnings of the *vory* and their professional code can be traced back to the late 1920s and early 1930s. During this time, Stalin's purges filled the numerous prison and work camps of the Soviet Union with an endless stream of political prisoners and common criminals alike, creating a world of its own, detached and secluded from the rest of Soviet society. Informal structures and hierarchies soon emerged inside the prison camps.

The fraternity of the *vory v zakone* was paramount in shaping the social structure inside the Soviet penal system. Situated at the top of the prisons' social hierarchy, the *vory* constituted a criminal aristocracy that ruled supreme in the individual camps. They acted as organizers of criminal activities, as arbitrators in struggles between individuals or groups, and represented the ultimate informal judicial institution inside the prison walls.[271] The Thieves' world was a social institution with its own internal cohesion and ethical code. Central to this code was the notion of rejecting one's own kinship ties in order to join the criminal fraternity. In addition, based on an ethic of non-compliance

[270] I follow here Joseph Serio and Vyacheslav Razinkin by choosing a more loose translation – a thief professing the code – to capture the peculiar adherence to a particular code of conduct. In the following pages I use the short form *vor* (pl. *vory*) or Thief (capitalized!) as interchangeable versions. See Joseph D. Serio and Vyacheslav Razinkin, "Thieves Professing the Code: The traditional role of vory v zakone in Russia's criminal world and adaptations to a new social reality," *Low Intensity Conflict & Law Enforcement* 4 (1995), 72-88.
[271] Ibid., 72.

with the Soviet State, the *vory* systematically refused to work for or cooperate with the camps' authorities. An unwritten codex, the *vorovskoi zakon* (Thieves' law), sketched the outlines and rules of conduct of this alternative social frame and informal network.[272]

The *vory* created extra-state entities inside the GULAG system, "a state inside the state, a structure inside a structure."[273] Based on extortion they levied taxes from fellow prisoners who were not part of the criminal elite.[274] As mediators and judges they created an alternative judicial system inside the prison and work camps to uphold the internal order. The *vory v zakone* held annual *skhody* (conferences), meetings and courts at the same time, to mediate in disputes, to plan future criminal activities, and to debate on the admission of new members.[275] The incorporation of novices into the inner circle of the thieves' world was marked by an initiation ritual referred to as *koronatsia* (coronation). A new aspiring member, a *patsan* (lad), had first to prove himself to have the right qualities of being a potential *vor*, that is having defied camp discipline for a prolonged time and having partaken in the Thieves' regime controlling other prisoners.[276] With references from several established *vory* and by unanimous decision he is finally admitted to the 'coronation' ritual where he has to deliver an oath of adherence to the Thieves' code. In the course of the ritual he sheds his former name and acquires a new *klichka* (nickname). Nicknaming was an essential part of the ritual, as Dimitrii Likhachev, a prisoner during the construction of the Belomorsko-Baltiiskii canal in the 1930s, observed, "The adoption of a nickname is a necessary act of transition to the *vory*'s sphere (it amounts to a peculiar 'taking of monastic vows')."[277]

The camp authorities were well aware of this power structure inside the penal system and used it as a tool to control the rising number of political prisoners in the 1930s and 1940s. The dichotomy of political prisoners and criminals was partially

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[272] Ibid., 79-80.
[273] Vladimir R. Kabo, "Struktura lageria i arkhetipy soznaniia," *Sovetskaia Etnografiia* 1 (1990), 110.
[274] Lev Razgon, *True Stories: The memoirs of Lev Razgon* (Dana Point, CA: Ardis, 1997), 185.
[275] Valery Chalidze, *Criminal Russia: Essays on crime in the Soviet Union* (New York: Random House, 1977), 45.
[276] Federico Varese, *The Russian Mafia: Private protection in a new market economy* (Oxford: Oxford University Press, 2001), 147.
[277] Cited in Varese, *The Russian Mafia*, 150.

created and enforced by the camp authorities. Ordinary criminals as well as the thieves professing the code were seen as *"sotsialno-blizkii"* (socially close), unlike the political prisoners, who were seen as *"sotsialno-opasnyi"* (socially dangerous).[278] From 1937 till 1945 the camp administration used the professional criminals, who often had privileged access to camp resources, as a check on fellow prisoners.[279] The official power in the prison camp zones used the Thieves as a tool to establish and maintain internal order, thus recognizing in the Thieves internal camp structure an equivalent of their own goals, i.e. order, discipline, hierarchy, and structure.[280]

The situation changed fundamentally after the Second World War when the camps' population swelled rapidly. Conscripts who were pressed into the army during the war were returned to the prisons, Soviet soldiers and officers captured by the enemy were deported to the camps on their return, and arrested members of nationalist movements in the Baltic republics and the Ukraine began to fill the ranks of the penal colonies.[281] The *vory* saw the returning convict-soldiers as traitors or *suki* (bitches) who had transgressed the informal law of non-cooperation with state by taking up arms on behalf of the Soviet Union.[282] At this point, most of the returning prisoners and newcomers were trained in and accustomed to the use of violence and the Thieves' authority was not taken for granted anymore. Violent clashes spread through the whole prison system leaving hundreds of casualties behind. The so-called *such'ia voina* (bitches' war) lasted from 1948 to 1953. By the end of the 1950s the society of the thieves professing the code had almost vanished.[283] It took two decades to recover.

I would like to focus here on the informal structure of this criminal subculture and the symbolic markers used to signify the internal social stratification. Memoirs of imprisoned dissidents open the view on a complex and symbolically charged prison culture enclosed in the numerous labor camps of the GULAG system. Varlam Shalamov,

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[278] Anne Applebaum, *GULAG: A History* (New York: Double Day, 2003), 282-283.
[279] Applebaum, *GULAG*, 283.
[280] Kabo, "Struktura lageria i arkhetipy soznaniia," 110.
[281] Federico Varese, "The Society of the Vory-V-Zakone, 1930s-1950s," *Cahier du Monde Russe* 39 (1998), 527.
[282] Serio and Razinkin, "Thieves Professing the Code," 74.
[283] Varese, "The Society of the Vory-V-Zakone, 1930s-1950s," 526.

an articulate eye-witness of the internal prison 'culture', was arrested in 1937 and spent the following seventeen years in prison camps in the Kolyma region of northeastern Siberia. As a political prisoner, Shalamov was at the bottom of the prison's hierarchy, banned from work and at the mercy of the Thieves who treated the 'politicals' and their possessions as their personal property. His descriptions offer a small glimpse of the Thieves' changing insignias and dress codes:

> In the twenties the thieves wore trade school caps; still earlier, the military officer's cap was in fashion. In the forties, during the winter, they wore peakless leather caps, folded down the tops of their felt boots, and wore a cross around the neck. The cross was usually smooth but if an artist was around, he was forced to use a needle to paint it with the most diverse subjects: a heart, cards, a crucifixation, a naked woman.[284]

Distinct body gestures and postures underscored the peculiar habitus of the *vory*. Georgii Feldgun, a prisoner of the camps in the 1940s, described their distinctive walk: "with small steps, legs held slightly apart."[285] In addition to dress codes and body techniques, tattoos played an important role in the prison's subculture. Insignias of social position were applied to the prisoner's bodies, signifying the rank of individuals, their deeds, and highpoints of their criminal biography.[286] In form of a criminal vita inscribed forever on the body of the convict these tattoos were symbolic representations of a thief's reputation. For instance, the eight-pointed star, often applied to the front part of the shoulder, was the sign for a professional *vor*.[287] In addition, prison tattoos were used to stigmatize social deviance inside the informal structure. Trespassers of the Thieves' code were often marked with forcibly applied tattoos or finger amputations.

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[284] Varlam Shalamov, *Kolyma Tales* (New York: W. W. Norton & Company, 1982): 108-109.
[285] Cited in Applebaum, *GULAG*, 287.
[286] Aleksei Plutser-Sarno, "The Language of the Body Politics: The symbolism of the thieves' tattoos," in *Russian Criminal Tatoo Encyclopedia*, ed. Steidl/Fuel (Goettingen: Steidl, 2003), 27.
[287] Lev Samoilov, "Etnografiia Lageria," *Sovetskaia Etnografiia* 1 (1990), 102.

The prison camp system itself was subject to change, mirror imaging the changes of the post-war Soviet Union. Lev Razgon, a journalist, author and one of the founding members of the human rights organization Memorial, was sent to the camps twice, in 1938 and 1951. During his second sentence, which lasted until Stalin's death in 1953, he noted the significant changes that had spread through the camp system after the Second World War:

> The post-war criminals differed from the older generation in their extremism. What happened to the good old criminal occupations of swindlers, pickpockets, frauds and con men? The post-war criminals were cold-blooded killers, vicious rapists and organized robbers. That was not the only distinguishing mark of the new generation, however. Now they were split up into castes and communities, each with its own iron discipline, with many rules and customs, and if any of these were infringed the punishment was harsh: at best the individual was expelled from that group and at worst, he was killed. The most widespread criminal community of this kind in the camp were the "honorable thieves."[288] To be more "honorable" meant: going out each day with the rest but only performing the semblance of work; not working for the administration, even as cook or hospital orderly; never having any but the most murderous hostile relations with the "ratters" (i.e. those who in criminal terminology had ceased to be "honorable" and begun to work for the camp administration); and to submit wholly and unconditionally to the criminal "leaders" and unswervingly carry out their orders.[289]

Samoilov, an archaeologist and author, spent one and a half years in a prison colony near Leningrad at the beginning of the 1980s and documented the internal social structure of the prison's population - its criminal subculture (*ugolovnaia subkul'tura*) - in

[288] In Russian the word "*zakonniki*" derives from the word *zakon* (law), thus signifying persons who are following the (Thieves') law.
[289] Razgon, *True Stories*, 184-85.

a meticulous account. Samoilov observes and distinguishes three different 'castes' (*kasty or masti*) as the basic building blocks of a hierarchical society with strict boundaries (see Figure 14). [290] At the top of the hierarchy were the *vory v zakone*, the thieves-in-law. Following the *vorovskii zakon* (thieves' law) they represented the 'aristocratic' elite of the prison system, legislative, judicative, and executive in one. Through the *vorovskoi sud chesti*, the thieves' honor court, they had the right and the power to sanction any transgressors of the Thieves' law. The second 'caste', which included most of the prison's population, was composed of the *muzhiki* (men) or *fraer* (guys). These were the commoners of the penal system who worked for the prison authorities and the *vory* at the same time. The lowest 'caste' were the *chushki* (piglets) or *obizhenniki* (the offended), forced to perform the lowest duties, from cleaning to being passive homosexual partners. An informal dress code underwrote these social hierarchies. The *vory* wore black dyed prison uniforms, the *muzhiki* the standard-issued blue prison uniforms, and the *chushki* plain, gray robes. In addition, the hierarchy was underscored by spatial and nutritional segregation. The *vory* ate the best food and were placed on the best seats of the table, the *chushki* had to eat the leftovers, in the corner, standing.[291] Yet, the 'caste' borders were not impenetrable. Vertical movements could occur in both directions, upward in form of promotion into the ranks of *vory* or downwards in form of reprisal, which was a serious punishment.[292]

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[290] Samoilov, "Etnografiia Lageria," 97-98. *Mast'* (pl. *masti*) is the Russian word for a suit of cards. *Chodit' v mast'* means to follow suit; in the Thieves argot "to hold the suit" means to control a community of Thieves. Card symbols play an important role in the prison's folklore and tattoo art. Different 'suits' demarcate different classes inside the prison hierarchy, the belonging to a certain 'suit' is often expressed through tattoos. The 'black suits', the suit of clubs and the suit of spades, are associated with the *vory-v-zakone*. The 'red suits' mark socially inferior persons, often through forcibly applied tattoos. For example, the suit of Diamonds, known as *kummovskaia mast'* (chummy suit) stigmatize the bearer as a *stukach*, a stool pigeon or informer for the prison authorities, See Plutser-Sarno, "The Language of the Body Politics," 41-47.

[291] Samoilov, "Etnografiia Lageria," 98-99.

[292] Kabo, "Struktura lagerya i arkhetipy soznaniia," 110-11.

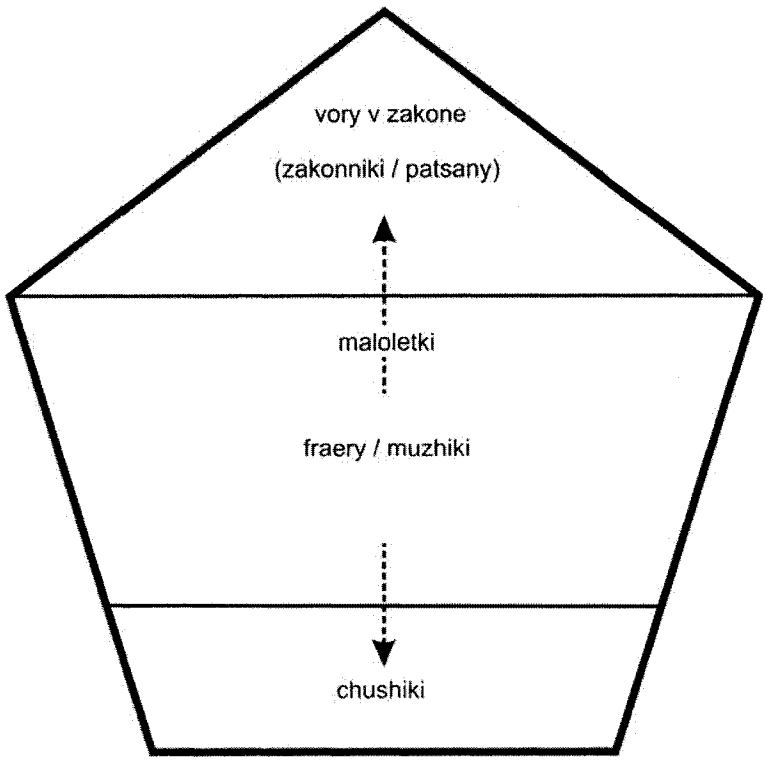

Figure 14: Social organization inside the prison camps (The three 'castes' according to Samoilov, "Etnografii Lageria," 96-108)

The society of the *vory v zakone* was a criminal fraternity of independently operating groups of equal standing bound by a common value system and ethical code. Theoretically, the society of the vory-v-zakone was an egalitarian fraternity, although in practice older and more established *vory*, the so-called *pakhany*, had more authority.[293] Compared to the Italian Mafia, where initiation rituals mark the entrance of novices into the lowest ranks, the *vory* ritual of coronation was only reserved for the highest members of the fraternity. In both cases, though, future members were under the scrutiny of senior

[293] Varese, "The Society of the Vory-V-Zakone," 517.

members who judged the worthiness of the novice according to the organizations' standards for an 'honorable' criminal. Similar to Italian mafia initiation rituals the accedence into the ranks of *vory* is marked by a rite of passage signifying the beginning of a new life of the person now part of the brotherhood: the candidate was presented to a group of established *vory* as a worthwhile member and had to swear an oath of allegiance to the values and rules of the fraternity. This step was irreversible. Trespassers had to face dire consequences:

> The life of the 'honorable thieves' [*zakonniki*] in the camp were surrounded by rules of behavior that were observed with almost religious fervor. If a criminal was 'honorable' and then broke the rules he had no alternative but to 'run for the dead zone.' This was a ploughed and raked strip of land between the high fence and a low barrier of barbed wire ... From there, after some time' they would be put in a transport to another camp in the same system. They could no longer remain where they were, since they had been declared outside the law [...][294]

The internal prison camp hierarchy of the Thieves was like a mirror image of the prison camp administration and society at large.[295] Vladimir Kabo, a prisoner from 1949 to 1954, points to the hierarchical similarities between Stalinism and the system of the *vory*. Aspiring future thieves, the *maloletki,* were a social reflection of members of the communist youth organization, the *komsomoltsy*, and the betrayers of the thieves' code, the so-called *syki*, had their counterpart in Stalin's *vragi naroda*, the enemies of the people.[296] On the other hand the stratification and stigmatization were not solely confined inside the camp system. The prison camp culture had diffused into every day culture, just by sheer numbers. Between 1950 and 1980 millions of people went through the GULAG system, bringing back a criminal subculture and language into Soviet

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[294] Razgon, *True Stories*, 185.
[295] Lev Samoilov, "Puteshestvie v perevernutyi mir," *Neva* 4 (1989), 155.
[296] Kabo, "Struktura lageria i arkhetipy soznaniia," 110.

society at large.[297] The society of the *vory v zakone* was a product of the Soviet penal system, yet branched out way beyond the walls and barbed wire fences of the "Gulag Archipelago." Prison slang diffused into every-day speech and the Thieves' networks expanded far beyond the prison walls.[298] Although individual *vory* were often serving life sentences or were frequently rearrested, they nevertheless could establish a far reaching network of criminals bound by the Thieves' code. Regular rotations of prisoners in the camp system helped to spread the network throughout the Soviet Union. Outside the camps the *vory* had organized a network of mutual aid for their imprisoned fellows and freshly released convicts, which also provided financial support to relatives of imprisoned *vory*. These networks were at the same time a platform for the recruitment of new members and the organization of criminal activities outside the camps.[299] A communal monetary fund, the so-called *obshchaia kassa*, or *obshchak*, provided the necessary means of support and was used to bribe officials inside and outside the camps.[300] The fund was under the control of a *vor v zakone*, who at the same time was able to draw his authority and capacity to act from it, sustained by the joint profits of the groups' criminal activities and contributions of individual members.

The enclosed space of the camp system had produced a highly stratified, ritualized and symbolically demarcated subculture.[301] Rites of passage, tattoos, insignias, dress codes, criminal argot, and nicknames secluded the criminal elite of the *vory v zakone* from their fellow inmates. Yet one has to remember that the society of the *vory v zakone* was a highly coercive structure based on the capacity of intimidation and the potential to revert to physical force, or as Samoilov has summarized, "the power of the thieves is based on terror and fear".[302] The main credentials for a *vor* were his prolonged prison

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[297] Samoilov, "Etnografiia lageria," 100.
[298] Prison speech was heavily influenced by the criminal argot of the *vory*, the so-called *vorovskoe zhargon* or *blatnoi iasyk*. See Meyer Galler and Harlan E. Marquess, *Soviet Prison Camp Speech: A Survivor's Glossary* (Madison: University of Wisconsin Press, 1972).
[299] Varese, *The Russian Mafia*, 156-157.
[300] Serio and Razinkin, "Thieves Professing the Code," 81-82.
[301] K.L. Bannikov describes similar phenomena of encoding and ritualization in the Russian army. See K.L. Bannikov, *Antropologiia ekstremal'nykh grupp: Dominantnye otnoshenia sredi voennosluzhashchikh srochnoi sluzhby Rossiiskoi Armii* (Moskva: Nauka, 2002).
[302] Samoilov, "Etnografiia lageria," 99.

sentence and defiance of state authority. Thus a thief derived his prestige and social standing from the peculiarities of the Soviet penal system. The gradual dismantling of the GULAG system after Stalin's death substantially eroded the power base of the *vory*. Although almost extinguished during the 'bitches' war' of the 1950s the society of the *vory v zakone* seemed to have weathered out the pressure of internal and external forces. In the late 1980s, the number of *vory* began to rise significantly compared to the post-war period[303].

It was during the 1980s that Evgenii Vasin established an alliance of *vory v zakone* under his leadership in the Russian Far East[304]. Vasin's prison background, the different sentences he received added up to almost twenty years of incarceration, made him a respectable person, a true authority in the world of the Thieves. The Russian Far East had so far been of little appeal to organized crime groups in the Soviet Union. Due to its peripheral location as a borderland, the Russian Far East was a heavily controlled region with a high number of border guards and other members of the security services. In addition, Vladivostok itself was a closed city, the border to China was essentially shut down, and the comparatively low population did not present an ideal environment for illegal economic activities. The heterogeneity of various opposing crime groups, especially in the port city of Vladivostok, made efforts to control and to monopolize them a difficult task.

Yet Vasin was on his home ground in the Russian Far East and the beginning of Perestroika suddenly opened a wide variety of economic opportunities. Compared to his predecessors, the *zakonniki* of the camp system, Vasin was increasingly involved in a diversity of businesses in various economic sectors: gambling-houses, gas stations, car

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[303] Data extrapolated from police reports show a significant rise in the number of *vory* after the break-up of the Soviet Union and a subsequent drop towards the late 1990s. In 1999, the Russian Interior Ministry estimated 800 active *vory* in the Commonwealth of Independent States (CIS) and 387 in the Russian Federation. See Varese, *The Russian Mafia*, 167-168. The estimated ethnic composition of the society of the *vory v zakone* in the Russian Federation during the early 1990s was as follows: Russians (33.1%); Georgians (31.6%); Armenians (8.2%); Azerbaijanis (5.2%); Uzbeks, Ukrainians, Kazakhs, Abkhazi and others (21.9%). See Serio and Razinkin, "Thieves Professing the Code," 83.

[304] V. A. Nomokonov, *Organizovannaia prestupnost' Dal'nego Vostoka: obshchie i regional'nye cherty* (Vladivostok: Izd-vo Dal'nevost. uni-ta, 1998).

parks and dealerships, fisheries, shipping companies, precious metals, and oil.[305] The coastal zone of the Russian Far East presented a profitable environment both logistically and in terms of available resources.[306] Based out of Komsomolsk-na-Amure, Vasin's group, the "Dal'nii Vostochnii Obshchak" (The Far Eastern Obshchak), became a leading and far reaching organized crime group in the Russian Far East. Despite the groups' new economic orientations its structure incorporated the *vory*'s hierarchical system of *polozhentsy*, regional appointees who act like governors on behalf of the leading *vor*. With the help of those appointees, Dzhems's organization controlled large parts of the underground economy in a territory encompassing three regions of the Russian Federation (Amurskaia Oblast', Khabarovskii Krai, and Primorskii Krai). Regional centers of the groups wide ranging illegal activities were Khabarovsk and Komsomolsk-na-Amure.

Parallel to the *vory v zakone*, a whole different set of organized criminal activity flourished in the Soviet Union that was based on the misappropriation of state allocated resources and the redirecting of them into illegal production. In the Soviet Union the term Mafia referred to "occupationally specific corruption" (e.g. the fishing, fruit, vegetable, hotel, or transportation mafia) that diverted goods form certain sectors of the industry into a black market.[307] Shortages of consumer goods provided many opportunities for illegal business activities, especially in the beginning of the 1970s when the centralized economy of the Soviet Union was increasingly incapable of satisfying the growing demand for consumer goods among the population.[308] Excessive bureaucratic power and a flourishing black market led to the growth of these specific informal

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[305] Novikov, "Iablochnyi Dzhem."
[306] Especially the oil- and gas-rich shelf off the coast of Sakhalin was of central interest for organized crime groups in the 1990s and the stage for a turf war between Dzhem's group and a local authority nicknamed Lopukh (Aleksandr Tiukavin) over the influence of the nascent oil- and gas industry. See Nikolai Khlebnikov, "Konets Ery Dzhema", *Interpol Ekspress* 21 (November 2001).
[307] Robin T. Naylor, *Wages of Crime: Black markets, illegal finance, and the underworld economy* (Ithaca: Cornell University Press, 2002), 38.
[308] Tanya Frisby, "The Rise of Organized Crime in Russia: Its roots and social significance," *Europe-Asia Studies*, 50, 1 (1998), 33.

structures in the Soviet Union.[309] Bribes and widespread corruption were endemic in the Soviet bureaucratic system and close cooperation between black market entrepreneurs and party officials guaranteed partial immunity from state prosecution[310]. The cooperation between actors in the shadow economy and party officials demarcated an important turning point in the scope of criminal activities. The separation between state and criminal underground, exemplified in the Thieves' anti-state ethos, became increasingly blurred.[311] Starting in the 1960s, criminals, black marketeers and party bureaucrats began to cooperate. Criminal activities, illegal economic practices, and high level patronage were more and more intertwined.[312] According to Patricia Rawlinson, organized crime in Russia developed from a stance of opposition to an increasingly assimilative position, with a growing active component that penetrated the state structures.[313] A symbiotic relationship of organized crime networks with state structures led to a sudden increase of economic crime that was slowly consuming its host.

The 1980s marked a turning point in the nature of organized crime in the Soviet Union. In addition to the burgeoning group of black marketeers, the introduction of market oriented cooperatives had created a new class of entrepreneurs who became targets of extortion rings. Illegal entrepreneurs and black marketeers were easy prey for criminals who exploited the inability of those entrepreneurs to contact legitimate structures for protection.[314] Organized crime evolved into a predatory institution. In addition, the war in Afghanistan and the decade long involvement of the Russian military

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[309] Annelise Anderson, "The Red Mafia: A legacy of communism," in *Economic Transition in Eastern Europe and Russia: Realities of reform*, ed. E. P. Lazear (Stanford: The Hoover Institution Press, 1995), 345.

[310] Gregory Grossman, "The 'Second Economy' of the USSR," *Problems of Communism* 26, 5 (1977), 32.

[311] James Finckenauer and Yuri Voronin see in these collaborations the birth of modern organized crime in the Soviet Union. See James O. Finckenauer and Yuri A. Voronin, *The Threat of Russian Organized Crime* (Washington: U.S. Department of Justice, 2001), 6.

[312] The "Okean" investigation at the end of the 1970s uncovered a far flung patronage network of regional party leaders and indicted party officials up to the rank of ministers. This "Sochi-Krasnodar party mafia," diverted fish delicacies from a chain of state stores to illegal international export. See Arkady Vaksberg, *The Soviet Mafia* (New York: St. Martin's Press, 1991), 5-17.

[313] Patricia Rawlinson, "Russian Organized Crime: A brief history," in *Russian Organized Crime: The New Threat?*, ed. P. Williams (London: Frank Cass, 1997), 29.

[314] Rawlinson, "Russian Organized Crime," 45.

led to an influx of drugs, such as heroin and hashish, into the Soviet Union and formed a new substantial economic base for already established criminal groups.

5.3 "Violent entrepreneurs"

The harder the rain, the tighter the roof has to be.
K., used car dealer, 24 years

A leading argument attributes the dominance of organized crime in post-Soviet Russia to the imperfect transition to a market economy that resulted in the conversion of over 100.000 former state commercial entities into the hands of private ownership by the end of 1996.[315] This transformation and the assets and resources freed from state control presented a rising group of businessmen with astonishing possibilities and equally impressive profit margins. What started as privatization turned into "grabification."[316] I will only briefly sketch the symptoms of the privatization process and rather focus on a unique group of entrepreneurs who traded in a peculiar service, which is protection. The privatization not only encompassed the economic sphere, but included the very foundation of state power. During the transition phase after the breakdown of the Soviet Union the state's monopoly on violence was significantly eroded and made room for alternative protectors.

To characterize the economic and political transformation of the Soviet Union I follow the approach of Mark Beisinger and Crawford Young who understand "state crisis as a set of dysfunctional syndromes rather than as a category."[317] Symptoms of this flawed transformation are plenty in post-Soviet Russia. The confusion in the law and tax

[315] Varese, *The Russian Mafia*, 17.
[316] Bruce Grant, "The Return of the Repressed: Conversations with three Russian entrepreneurs," in *Paranoia within Reason: A casebook on conspiracy as explanation*, ed. G. E. Marcus (Chicago: University of Chicago Press, 1999), 214.
[317] Mark R. Beisinger and Crawford Young, eds., *Beyond State Crisis? Postcolonial Africa and post-Soviet Eurasia in perspective* (Washington: Woodrow Wilson Center Press, 2002), 11.

system between federal and regional degrees led to a complex, often contradictory and extremely restrictive system of taxation. The 1999 index of economic freedom published by the Heritage Foundation listed Russia as "mostly unfree" ranking it on place 106 out of 160 countries.[318] Corruption reigns on all levels of government, in part as a continuation of the old system of informal contacts and personal networks used during the Soviet Union to access restricted goods in a malfunctioning planned economy[319]. A rapid increase in registered crimes by almost 200 percent (1985-95) and a soaring homicide rate (30 per 100.000 in 1995; in comparison Colombia had 80, Brazil 19, USA 8.6, and UK 1.0) shows the far-reaching effects of Russia's transition on the whole society.[320] Widespread corruption in the state organs has undermined the security of private property on a large scale. Sell out of domestic natural resources, asset stripping, and buildings of large monopolies characterized the early stages of this transition. In 1988, a newly implemented law gave cooperatives the right to make independent decisions and privately engage in foreign trade. Managers of state oil companies were now, for instance, able to buy oil from their enterprises privately at a fixed rate and sell it abroad through the newly established co-operatives.[321] In addition, the practice of asset stripping was widely used in the former Soviet Union to deplete formerly state owned enterprises of their valuable resources.[322] During this phase the Russian State failed to adequately secure common property rights, which created a demand for alternative protectors.

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[318] See J.C. Johnson et al., *The 1999 Index of Economic Freedom* (Washington: The Heritage Foundation, 1999).

[319] Transparency International, which annually rates countries on a perception based corruption index (on a scale between 1 and 10; the lower the score the higher the level of corruption), ranked Russia in 2001 with a 2.3 on rank 81 out of 91 countries. See Transparency International, "Corruption Perceptions Index 2001," electronic document, http://www.transparency.org/policy_and_research/surveys_indices/cpi/20011997), accessed 4 April 2004.

[320] See Varese, *The Russian Mafia*, 19-21.

[321] Given the asymmetric price structure between the national economy and international markets – in 1992 the Russian price for oil was one percent of the world market – these dealings reaped extreme profit margins. See Varese, *The Russian Mafia*, 33-34.

[322] This practice worked according to the following scheme: A person or group buys a former state company and sells its products below market price to subsidiary companies, after which the revenues are transferred to subordinated closed joint-stock companies that are under the control of hand-picked directors who guarantee a backflow of the profits. See Varese, *The Russian Mafia*, 33-34.

Large-scale privatization measures had led to the privatization and compartmentalization of state powers. Major rearrangements of state security organs and a significant reduction in personnel – 20,000 officers were dismissed between 1991 and 1992 from government service – flooded the nascent market of protection with thousands of suddenly unemployed professionals highly skilled in the use of violence. As a reaction to this new reality a federal law was implemented that legalized private protection agencies and led to the creation of new entities.[323] Supplementing these agencies was an order issued by the Interior Ministry in 1998 to allow policemen to provide private security services for commercial organizations.[324] By 1998, the 10,800 existing private security agencies in Russia had absorbed nearly fifty thousand former officers of the state security agencies and law enforcement organs.[325] Former military expertise or work experience in the security organs was a valuable asset for the protection agencies, not only in terms of the personnel's proficiency in the use of violence, but also in respect to potential contacts and access to restricted information that former members of the state organs could bring into their new job. Thus, former KGB senior officials became the heads of various private security services. For instance, *Argus*, the biggest private security provider in Moscow, is headed by a former *Vympel* (a former KGB antiterrorist unit) commander Iuri Levitski and is operating as a security and enforcement partner for telecommunication firms.[326] *Namakom*, a private security and consulting company is managed by Ivanovich Drozhov, the former head of the KGB Department S, the branch that handled the so-called illegals, undercover agents working abroad without diplomatic cover – the international terrorist Carlos and militant Palestinian groups were under his

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[323] The law "On Private Detective and Protection Activity" was adopted on March 22, 1992 and created three different types of security companies: private detective agencies (*chastnye detektivnye agenstva*), private security services (*chastnye sluzhby bezopasnosti*), and private protection companies (*chastnye okhranye predpriiatiia*). See Vadim Volkov, "Security and Enforcement as Private Business: The conversion of Russia's power ministries and its institutional consequences," in *The New Entrepreneurs of Europe and Asia*, ed. V. Bonnell and T. Gold (New York: M.E. Sharpe, 2002), 87.

[324] For instance, in 1991 the Union of Veterans of the Afghanistan and Moscow police formed a joint venture to facilitate protection services for private companies. See Varese, *The Russian Mafia*, 59-60.

[325] Vadim Volkov, "Violent Entrepreneurship in Post-Communist Russia," *Europe-Asia Studies* 51, 5 (1999), 3.

[326] Olga Kryshtanovskaia, "Nelegal'nye struktury v Rossi," *Sotsiologicheskie issledovaniia* 8 (1995), 95.

auspice.[327] Major companies even internalized protection on a large scale. *Gazprom*, the biggest natural gas company in Russia has a 20.000 strong private protection company headed by the former KGB colonel Viktor Marushchenko.[328] According to the executive director of the Association of Russian Banks on Security Questions, by 1995 half of the managers of independent security services consisted of former KGB employees, the other half came from the Interior Ministry and military.[329] In addition, the ongoing war in Chechnya and the weakening of state control over a vast arsenal of weapons from Soviet times presented a constant supply of arms for these agencies.[330]

The field of private protection in Russia is a gray area where the boundary between legal and illegal activities is rather vague and that presents business opportunities not only for the state sanctioned protection agencies, but also for non-formal actors. The economic transition phase in post-Soviet Russia, characterized by the appearance of numerous open air street markets and newly founded small private businesses, created an ideal setting for a new class of predatory criminals. Thousands of small racketeering groups formed in the early 1990s began to extort protection money from the new class of private entrepreneurs. The members of these gangs were young, the majority having a background in martial arts or body building, and were organized according to neighborhoods or city districts. The sports clubs and fitness centers of former state enterprises made for perfect recruiting grounds.[331] These groups of street racketeers were named *sportsmeny (*sports men*)* or *kachki* (the ones who pump iron) due to their physical prowess and conspicuously worn track suits. During the early 1990s *sportsmeny* became a visible feature of almost every street market in Russia. Similar to the officially sanctioned protection agencies these "violent entrepreneurs" carried out multiple functions in the emerging market economy, as Vadim Volkov noted, "They

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[327] Amy Knight, *Spies Without Cloaks: The KGB's successors* (Princeton: Princeton University Press, 1996), 58.
[328] Varese, *The Russian Mafia*, 61.
[329] Knight, *Spies Without Cloaks*, 57.
[330] Frisby, "The Rise of Organized Crime in Russia," 31.
[331] Vadim Volkov, *Violent Entrepreneurs: The use of force in the making of Russian capitalism* (Ithaca: Cornell University Press, 2002), 100

intimidated, protected, gathered information, settled disputes, gave guarantees, enforced contracts, and taxed."[332]

The general term for the protection services these groups offer is *krysha* (roof). Originally a term from the professional vocabulary of the intelligence community, meaning the cover for a spy, it now designates the service package to a client to protect him physically and minimize his business risks.[333] Volume and guarantees of these services depend on the client's requests, or as one of my informants phrased it, "The harder the rain, the tighter the roof has to be." The services the protection agencies offer can vary, from delivering security guards and protection against other racketeers to the safeguarding of business deals and information gathering on competitors. For 'special' protection needs, like the recovering of bad debts and delayed payments, or effective muscle against competitors, a so-called *banditskaia krysha* (bandit roof) is needed, which is a roof facilitated through crime groups and that covers the execution of illegal activities.[334] The demand for dispute resolution and trusted mediators is especially high in the underworld, considering the fact that "the greatest fear of a criminal is being cheated by another criminal."[335] On the other hand, policemen and other employees of state security agencies offer their own 'roofs' for protection against criminal gangs. Usually, a strict division of territorial influence is observed that separates the different protection spheres from each other.[336]

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[332] Vadim Volkov, "The Political Economy of Protection Rackets in the Past and in the Present," *Social Research* 67, 3 (Fall 2000), 709.

[333] For Nancy Ries, the term *krysha* represents a "key cultural refrent" to understand the post-Soviet economic sphere. See Nancy Ries, "Honest Bandits and Warped People: Russian narratives about money, corruption, and moral decay," in *Ethnography in Unstable Places: Everyday lives in the context of dramatic political change*, eds. Carol J. Greenhouse, Elizabeth Mertz, and Kay B. Warren (Durham: Duke University Press, 2002), 309. Caroline Humphrey traces the essence of the racket back to the patronage structures during Soviet times, where political protection was paramount for the economic and political survival of the elites. See Caroline Humphrey, "Russian Protection Rackets and the Appropriation of Law and Order," in *States and Illegal Practices*, ed. Joshia Heyman (Oxford: Berg, 1999), 209-212.

[334] In contrast, a "red roof" (*krasnaia krycha*) is a protection arrangement facilitated through state security agencies.

[335] Varese, *The Russian Mafia*, 5.

[336] Vladimir Shlapentokh, "Early Feudalism: The Best Parallel for Contemporary Russia," *Europe-Asia Studies* 48, 3 (1996), 402.

These "violence-managing agencies" successfully understood how to convert potential violence into a marketable service.[337] In that respect, crime groups in post-Soviet Russia mirror-image the capitalist logic of supply and demand, satisfying the demand for alternative sources of protection. The violent environment in Russia and the high level of distrust in state organizations, especially in the police and municipal offices created a dilemma for individual entrepreneurs that left few solutions, to either recourse into unmediated and personalized barter relations or the resort to violence-managing agencies at their price. The virtuous 'invisible hand' of the market, predicted by the Western advisors to bring Russia to a collective economic optimum, had turned into an 'invisible fist.' [338]

At the end of the 1990s one could observe in Russia a consolidation of crime groups towards regular enterprises as well as the integration of violence-managing agencies into the formal business world. In addition, self-destructive methods of competition, which peaked in the large scale gang wars between 1992 and 1995, were replaced by targeted assassinations of individual gang leaders.[339] A new capitalist-oriented pragmatic rationality has taken root among organized crime syndicates in Russia. The large sums of capital accumulated in the years directly after the disintegration of the Soviet economy have to be now invested in the formal economy in order to increase them. Based on interview data collected among entrepreneurs and managers between 1997 and 1998, Vadim Radaev argues that, "the opposition of business and criminality is shifting towards integration."[340] The use of violence has been integrated as a 'standard' element of economic relations and the basic practice of racketeering has been replaced by more sustainable forms of control over enterprises.

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[337] Volkov, "Violent Entrepreneurship in Post-Communist Russia," 741-754.

[338] The new space of the market economy created the backdrop for new forms of organized crime in the post-Soviet period, as Katherine Verdery has eloquently argued, "Mafia is a symbol for what happens when the visible hand of the state is being replaced by the invisible hand of the market." Katherine Verdery, *What Was Socialism and What Comes Next?* (Princeton: Princeton University Press, 1996), 219.

[339] Vadim Volkov, "Who is Strong When the State is Weak? Violent Entrepreneurship in Russia's Emerging Markets," in *Beyond State Crisis? Postcolonial Africa and Post-Soviet Eurasia in Perspective*, ed. M. Beisinger and C. Young (Washington: Woodrow Wilson Center Press, 2002), 91.

[340] Vadim Radaev, "The Spread of Violence in Russian Business in the Late 1990s," PONARS (Program on New Approaches to Russian Security Policy Memo Series), Memo No. 66 (1999), 2.

The more organized crime groups swayed to influence the new emerging market, the more they were transformed by the same. Speaking at least for those groups, the invisible hand of the market has left its imprint.

5.4 Testimonies

Non so che significa.
Amoroso Mini, Italian Mafioso

The first time I stumbled across the topic of organized crime in the Russian Far East was during the preparations for my first field visit to Vladivostok. Researching Chinese migration into Primorskii Krai and related media reactions in online editions of local newspapers I was puzzled by the great numbers of contract killings of businessmen and underworld figures that were mentioned in the media outlets. Gangland related shootings in Moscow and central Russia were a common news item during the 1990s. By 2000, the situation had normalized. Not so in Vladivostok. Several important underworld figures had been killed in the preceding years, some of them quite openly in front of hotels or restaurants. Not one month had passed without several newly assassinated entrepreneurs.[341]

During my fieldwork in Vladivostok in 2004, I realized the presence of organized crime as a frequently recurring subject of every-day talk. The identity of important gang leaders and their economic activities were often well known and subject of an open discourse in the public as well in the media. Nancy Ries has encountered a similar phenomenon during her fieldwork in Russia, when details and stories about mafia and criminal personalities turned out to be "normal features of the daily landscape, of

[341] Vitalii Nomokonov, law professor in Vladivostok and head of the local Center for the Study of Organized Crime, estimated approximately 30 contract killings in 2002 in the Primorskii Krai. See Nomokonov, V. (2003) 'Contract Killings,' *Russian Regional Report,* vol. 8, no. 7.

conversation, of humor, and of popular culture."[342] Wherever it occurs, talk about organized crime is saturated with rumors. Following up on these discussions, I entered a murky world of anecdotal evidence where factuality drowns in the gray zone of conspiracy theories, slander, rumors, gossip, and anecdotes. Rumors are ambiguous, multivocal, and yet take on symbolic quality in their actualization of abstract concepts or distanced events. At the same time, gossip and rumors also present a way for individuals to debate their everyday world, a narrative form to make sense of an opaque social reality.[343] Talk on organized crime is no exception. Katherine Verdery has already in 1996 drawn attention to the fact that organized crime in the former Soviet Union is at the same time a real ("real mafia") and a symbolic ("conceptual mafia") phenomenon, subject to a lively public discourse that tries to make sense of a rapid socio-economic change.[344]

Conducting fieldwork on a major central street market in Vladivostok and behind a shopping booth of Uzbek traders exposed me almost daily to numerous conversations about the hidden economy and its individual actors. In addition, street markets are a location where organized crime becomes visible on a very basic and formative level. Large scale rackets and extortion of protection fees are a common phenomenon on almost all of Russia's open-air markets. In contrast to popular imagery, extortion can be a very quite and subtle activity, a silent transaction void of any violent form. The transactions, the collection of protection fees, become visible in swift encounters between stand owner and racketeer – a recognizing nod, casual small talk and a quick passing of the weekly protection sum. The known group affiliation of a racketeer is common knowledge among the traders, which is of course part of the system. In the street market I found myself in a world of openly shared secret knowledge, subtle gestures, hushed words and transient ruble notes. I used the rumors and encounters on the

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[342] Ries, "'Honest Bandits' and 'Warped People'," 309.
[343] See J. Haviland, *Gossip, Reputation and Knowledge in Zinacantan* (Chicago: Chicago University Press, 1977); and S. Heilman, *Synagogue Life* (Chicago: Chicago University Press, 1978).
[344] Verdery, *What was Socialism and What Comes Next?*, 219.

street market as a start of my enquiry into the structures of organized crime in the Russian Far East.

The method through which I approach the topic of organized crime in Vladivostok and the way I try to uncover, at least partially, its subtle structures is a synthesis of different types of sources: participant observation, interviews, newspaper articles, and secondary literature. I draw from a range of sources to address the multiple perspectives on organized crime. Formal analysis and local discourse do not contradict here; they rather reflect unique positions that are informed by different experiences.

Despite its public surface, organized crime research in Russia presents a more hidden field if compared to the Italian case. Analytic literature on organized crime in Russia is a relatively new phenomenon. Up to this day no large anti-mafia trials had been conducted in Russia, comparable to the so-called maxi-trials in Italy during the 1980s, and which greatly enhanced the field of Mafia studies. The Italian trials led to numerous testimonies of high ranking turncoats, the *pentiti*, and were able to penetrate, at least partially, the wall of silence that had surrounded Sicilian and Calabrian Mafia groups for many years. These testimonies allowed for an intimate study of the Mafia's inner workings and structure. [345]

Starting with the street talk, the rumors and gossip on known gangsters and crime groups of the city, I tried to follow up on recurring topics and emerging patterns by researching the archives of the local print media. A crucial information source was the data base and compiled press digests of the Vladivostok Centre for the Study of Organized Crime.[346] In the course of my research, structures and connections between individual crime figures and big business emerged. From this knowledge base I

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[345] For an exemplary analytic use of Mafia testimonies in Italy see Letizia Paoli, *Mafia Brotherhoods: Organized crime, Italian style* (Oxford: Oxford University Press, 2003); Pino Arlacchi, *Mafia von Innen: Das Leben des Don Antonio Calderone* (Frankfurt a. M.: Fischer Taschenbuch, 1995); Jane C. Schneider and Peter T. Schneider, *Reversible Destiny: Mafia, antimafia, and the struggle for Palermo* (Berkeley: University of California Press, 2003).

[346] The Vladivostok Centre for the Study of Organized Crime (Vladivostokskii Tsentr Issledovaniia Organizovannoi Prestupnosti) is part of the Far Eastern State University's law school (Iuridicheskii Institut DVGTU) and partially financed by TraCCC (Transnational Crime and Corruption Centre) under the auspices of the American University with several branches in Russia and other countries. Vladivostok homepage: http://www.crime.vl.ru.

developed specific questions, which I brought back to 'expert' informants – market sellers, officials working in the local administration, journalists, and friends with loose connections to Vladivostok's underworld – for clarification. Graphic representations of possible crime networks turned out to be a useful methodological tool to discuss and check my data with informants who had an intimate knowledge on the development of organized crime structures in the region.

During my research various perspectives surfaced in respect to the nature of organized crime in the Russian Far East. These sometimes contradictory perspectives showed the heterogeneity of organized crime and represent at the same time differing evaluations of those structures. Both Nancy Ries and Caroline Humphrey have hinted convincingly in their work to the existence of a number of conceptual as well as real mafias in contemporary Russia.[347] To adequately address this heterogeneity I have tried to let different voices speak. Organized crime is an elusive subject. In addition to the epistemological gray zone of rumors and anecdotal evidence, emic and etic perspectives clash in the evaluation of illegal conduct.

To explore and analyze the development of organized crime networks in the Russian Far East in this chapter, I will proceed in a sequence of steps: (1) I will point out some epistemological problems that are central to organized crime research when dealing with various testimonies of high ranking crime figures; (2) I will explore the evolution of organized crime networks in Vladivostok during the last 20 years by focusing on several important groups and analyzing their economic activities; (3) As a conclusion, I will incorporate the case studies from Vladivostok into the larger theoretical debate on organized crime and the Mafia. I will start with an example from the formative period of organized crime in the Russian Far East to illustrate some of the methodological problems.

Researchers from the Vladivostok Centre for the Study of Organized Crime place the appearance of the first modern organized crime groups in the Promorskii Krai during

[347] See Ries, "Honest Bandits and Warped People," 307; and Humphrey, "Russian Protection Rackets and the Appropriation of Law and Order," 199-232.

the 1970s and 1980s[348]. The active criminal groups during this period came to be known among prosecutors and police as the *tretaia smena* (nightshift). The teeming underground economy of Vladivostok's port and nightlife made for a wide range of criminal opportunities. Main sources of income were robbery, racketeering, blackmailing of informal traders, and the trading of imported foreign goods. Anatolii Kovalev (Koval) and Leonid Ivlev (Kaban) evolved during that time as the primary leaders of Vladivostok's underworld. It is difficult to evaluate the extent of Koval's and Kaban's control and the magnitude of their involvement in illegal activities. The perspective of law-enforcement agencies differs here substantially from the self-reflection of the involved persons. To illustrate this point and to show how acclaimed underworld figures present their activities to the public I will cite here at length from an interview Kovalev gave to a local newspaper in 1996, in which he responded to the journalist's questions of his involvement in organized crime during the 1970s and 1980s. It all had begun with the dances:

> I am a native inhabitant of Vladivostok, born and raised in *Morgorod,* in a family without a father. My mother was often on business trips and from early on in my youth I was on my own. Like a lot of my peers I went to the dances. Today one hardly remembers how popular the dances where back then. The youngsters met at the small House of Culture, farther down at the restaurant *Okean,* in the big House of Culture, and in front of the submarine [monument]. We didn't drink and smoke back then. There were fights at every dance. Back then a strong division along city districts came into being. [...] During that time we were acquainted with and associated with everybody. We knew each other well and therefore could freely come to the other districts of town. The foundation of the association was composed of famous people, which the city knows very well, for example, my friends Victor Alekseenko and Sasha Kostenko. We three were not only born

[348] Vladivostokskii Tsentr Issledovaniia Organizovannoi Prestupnosti (VTsIOP), "Khronika organizovannoi prestupnosti (obzor pressy 1997-2002)," electronic document, http://www.crime.vl.ru/docs/obzor/obzor_dv.htm, accessed 23 February 2006, 2.

> during the same year, we are also of the same zodiac sign, the Ram [...] There weren't any of these groups back then. There were companions [*tovarichshi*] who were close to each other. I don't see anything bad in that [...] Of course, during that time some connections started, but not in a criminal sense. It is true, though, that when the street markets [*barakholki*] where the sailors sold imported jeans appeared, we collected the goods from them and gave them only the money they were worth. That means we didn't get into profiteering. You can even say that we played the role of the OBKhSS [Department for the Fight against Misappropriation of Socialist Property]."[349]

Koval's view of the formative period of organized crime in Vladivostok and his own involvements differ considerably from the law-enforcement point of view. What criminologists recognize as the formation of an early organized crime syndicate was according to Koval only a group of close friends that was determined to fight for respect in a town divided by street gangs and that was justly participating in an evolving shadow economy. Questions on systematic control over the underground economy and personal concentration of power were brushed away by Koval with a similar argument, "I never controlled any territory. I just have a group of determined friends, who each do their own work and none is connected to criminal activities." [350]

Koval's emic perspective, including his demonstrated naiveté and innocence, are not an uncommon phenomenon encountered in organized crime research, especially in dealing with first-hand accounts of persons who are accused of being leading crime figures. Even if trials often defy their flaunted innocence, the accused often take recourse in cultural codes to legitimate their behavior and identity.[351] The longing for respect, obligations to friends, and altruistic motives are at the centre of these public self-

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[349] D. Kashirin, "Anatolii Kovalev: Tret'ei smeny nikogda ne bylo," *Zolotoi Rog*, 27 August 1996.
[350] D. Kashirin, "Anatolii Kovalev: Ia chestnyi biznesmen i rabotaiu, kak vse," *Zolotoi Rog*, 3 September 1996.
[351] Paoli, *Mafia Brotherhoods*, 97.

legitimization strategies. Paolo Campo, a Sicilian *capomafia* on trial in 1986 defends himself along the following lines:

> I declare myself innocent of the crime of delinquent and mafia association, meaning that I have never committed crimes, nor have I associated with others to this end. I must say, however, that I was born and will die a Mafioso, if by *mafia* one means, as I do, to do good to one's neighbor, to give something to those in need, to find work for the unemployed, to bring help to those who are in a difficult situation.[352]

As part of the defensive argument, a different meaning is ascribed to a common term. Asked about his reputation as a protector, as a facilitator of 'roofs' in Vladivostok's underworld, Kovalev reinterpreted the popular understanding of an informal protection contract in a similar way:

> I don't understand this word [i.e. 'roof']. In this case, I have my money invested; I work with those people as a team [*v upriazhke*], but the officers from the UOP [Organized Crime Directorate] present this as if I would be a 'roof' for them. What kind of 'roof' are we talking about? Yes, I build myself a name, I know people, with whom I was together at the dances, that's all. [353]

The reinterpretation of one's own activities in the light of lawful conduct is a common spin. It becomes a matter of perspective where truth ends and deliberate deceit begins. Vasins' own interpretation of a thief professing the code exemplifies this argumentative strategy, "*Vor v zakone* would be called that person who could judge rightfully and settle disputes without spilling blood. That is what I was actually doing in prison."[354] Notions of friendship and brotherhood underscore the casual character of

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[352] Cited in ibid., 97.
[353] D. Kashirin, "Anatolii Kovalev: Ia chestnyi biznesmen i rabotaiu, kak vse."
[354] "Ia khochu chto u menia zdes' byl poriadok", *Kommersant* , 5 October 2001.

informal relationships; the *vor* appears as a peaceful mediator. Asked about his affiliation to fellow inmates, often hardened criminals serving multi-year sentences, Vasin responded in reference to their concurring interests, "These are just people I befriended, with whom I associated. We are like-minded people; you might say we are brotherly comrades [*bratva*]. And we are a lot, not only a hundred, but we are not bandits, as the police think."[355]

To no surprise, official views on organized crime and legal categories rarely match with the personal accounts of involved persons. Yet the instrumental use of specific terms is also part of the particular language used by law-enforcement officials and the judicial system alike.[356] In addition, designated judicial terms can pass into a popular sphere, where they might be used for different purposes. Koval's own view of the term "nightshift" exemplifies this process:

> The notorious "nightshift" was invented during that time by the former head of the Regional Criminal Investigation Department, the police colonel Babichevii, with whom I found myself later together in the holding cell. [...] The "nightshift" never existed, it was invented for the officials [*dlia galochki*], for the reports to Moscow. Although, the definition was used by the youngsters to strengthen their authority among their fellows, that's why they started to say: I'm with the "nightshift". That's all.[357]

Is this just a linguistic strategy of a former criminal redefining his involvement in illegal activities, or an actual mismatch of a judicial signifier and the reality of the signified? Again, a comparison with Italian cases underscores the contradictory dilemma of etic ascription and emic self-depiction. The term Mafia probably made its first appearance in Italy in a theatre play staged by Giuseppe Rizzotto and Gaspare Mosca in

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[355] Ibid..
[356] On the multiple interactions of language and criminal law see Lawrence M. Solan and Peter M. Tiersma, *Speaking of Crime: The language of criminal justice* (Chicago: University of Chicago Press, 2005)
[357] Kashirin, "Anatolii Kovalev: Ia chestnyi biznesmen i rabotaiu, kak vse."

1863, titled *I mafiusi de la Vicaria.* These *mafiusi* represent a group of prisoners who defined themselves as "men of respect."[358] Tommaso Buscetta a main player of the Sicilian Cosa Nostra and key witness during the maxi-trial in 1984 assigns in a similar way the origin of the term to a storybook world: "The word mafia is a literary creation, while the true Mafiosi are simply called men of honor. Each of them belongs to a *borgata* [neighborhood] and he is a member of a family [...] as a whole this association is called Cosa Nostra."[359] In their own language, Mafiosi see themselves as *uomini d'onore*, men of honor, the Calabrian Mafia is referred to as the *Ndrangheta*, the "Society of Men of Honor", and her Sicilian companion the *Cosa Nostra*, translates as "Our Cause". Still, the phrase "Mafia" is widely used, a popular consent exists on its meaning, and nobody would neglect its existence on pure linguistic terms. Yet this is more then a technicality or a problem of language. The contradictory statements are part of a larger problem exposing differing perspectives on the nature of organized crime.[360]

I first met Natasha on one of the street markets in Vladivostok where she was working as a vendor for a vegetable and fruit trader from Baku. She had just arrived from Komsomolsk-na-Amure, her hometown for many years. Born in a gypsy *tabor* outside of Odessa, she had moved at the age of five with her Russian father, a boat captain on the river Amur, to Komsomolsk-na-Amure. Since the separation from her husband two years ago, her life had spiraled downwards to the brink of despair. She had never before worked on a street market. Back in Komsomolsk-na-Amure she had worked as a wholesale dealer for leather and fur clothing, making an average of US$100 a day. Now employed as a vegetable seller, her daily income had shrunk to a meager 200 ruble (US$8). Although she had escaped from an unbearable marriage, she also had lost any material support from her estranged husband. Her economic and social network had been

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[358] Schneider and Schneider, *Reversible Destiny*, 32.
[359] Cited in Paoli, *Mafia Brotherhoods*, 24.
[360] Thomas Hauschild traces differing views of the Italian Mafia through the sociological and anthropological literature and distinguishes two main opposing perspectives: (1) the Mafia seen as a constructive member of society, a folk structure of mediators and helpful patrons serving the common people; or (2) the Mafia seen as a criminal network of violent entrepreneurs and predators, undermining society. See Thomas Hauschild, "Volksfreunde bei der Mafia?" Unpublished manuscript, Tuebingen, January 2006.

cut. Yet she remembered other days. Her husband had been a close acquaintance of Dzhem. It was a prosperous connection, ripe with benefits and full of social warmth:

> During the summer we sometimes went to an island on the river. People call it the Thief's island [*vorovskoi ostrov*]. It was Dzhem's island were he invited people who were close to him; it was like a retreat for the *vory*. We always had such a good time there, joking, sitting around the fire, having good food. He [Dzhem] was a very nice man. He liked children, placed them on horses, let them ride. When my son was six, he put him up for sparring against a distant cousin of his. My son still remembers that day. He had won his first fight.

In addition, social proximity to the godfather has its material benefits for the whole family:

> I am glad that my brother's son has found a job with the Thieves. The families who are close to them always prosper. The family members have good jobs, there is always enough food, and they live a secure life"

Natasha sees the peculiar strength of the *vory* and their organization in the family-like ties. In the industrial outskirts of Komsomolsk-na-Amure, she had once been an eye witness of a *razborka* (a violent settlement between two gangs) over the control of the city's minibus business. The group of *vory* was outnumbered by an opposing group of *sportsmeny*. Natasha, observing the confrontation out of a car, described in detail the physical appearance of the latter; muscular boxers and karate fighters in track suits getting ready for the fight. On the other side were the *vory*, physically weak in appearance, sloppy, dressed in jeans and shirts. On first glance they were no match for their obviously trained opponents, but the ensuing action told another story. With furious energy, something Natasha would have never expected, the *vory* fell upon their opponents and eventually decided the fight on their behalf. One of the victorious *vory*

later exclaimed to her, "They can never beat us, because we have the power [*sila*]; we are like a strong family [*semia*]."

In the summer of 1997 Special Forces (SOBR) raided Dzehm's island. Operation *Lager* rounded up 49 people between the ages of 12 and 22, some of them former inmates.[361] Alcohol and drugs were seized in the former Soviet tourist center *Lesnaia Skazka* (Forest Fairy Tale), a multi-building complex that included cottages and sport fields. Boris Reznik, member of the Russian Duma and a journalist, researched the story for the daily newspaper Izvestia. He concluded that the summer camp for juveniles and former convicts, run by Evgenii Vasin's charitable foundation "Compassion," functioned as a rigid training site for the next generation of Thieves.[362] Vasin's perspective on the camp's purpose, presented in the same article, was quite different. For him, it was a recreational and training place for orphans and ex-convicts who had no other place to turn to:

> There is discipline in the camp, order [*poriadok*]. In seven years there was not one accident, not one fight [...] We, the boys from the *Dzemgi* neighborhood, had always been the most determined, the most courageous. We could stand on our own feet. This is what we teach to the youth, we educate [*vospityvaem*] them for Russia.[363]

The prosecutor's office did not press any charges; instead, the camp was closed for sanitary reasons. Vasin filed a complaint in court denouncing the journalist for addressing him in the article as a *vor v zakone* and demanded a rectification in the newspaper. Reznik agreed, under one condition: Vasin should announce in front of television cameras that *vory* do not exist. It never came to that confession.

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[361] Similar summer camps for juveniles run by *vory* have been discovered on Sakhalin. See Konstantin Getmanskii, "Pionerlager usilennogo rezhima," *Izvestia*, 29 July 2004.
[362] Boris Reznik, "Ostrov Dzhema," *Izvestia*, 11 July 1997.
[363] Reznik, "Ostrov Dzhema."

Everything had changed in the city after the unforgettable explosion in the café and the later arrest of Dzhem. One of Natasha's friends had died in the *Chairodaika*, another friend's face was disfigured beyond recognition by the fire. She still walks the street, the prelude to Dzhem's death gruesomely inscribed on her face. What remained of Dzhem's death was a conspicuous tomb, memories of his lavish funeral and Natasha's memories of a better time:

> No president is buried like that. They came from all over Russia. From the graveyard's entrance the row of parked cars and SUVs stretched for more than five kilometers. Helicopters of the major television channels circled in the air above. All the visitors were fed well at the funeral and everything was conducted in a very cultivated manner. [...] When Dzhem was the ruler of Komsomolsk it was a safe city. I could walk the streets at night with all my jewelry, nothing would happen to me. While Dzhem was in charge we had no drug users [*narkomany*] on the streets, it was completely safe in the city."

A funeral worthy of a statesman and the perception of his protecting hand extended over the city elevates Vasin into the ranks of post-Soviet mythology, a realm where the protecting hand of godfathers disguises the invisible fist of organized crime. Depicted as a benevolent protector, Vasin is seen as a vital factor in guaranteeing the social order in a lawless time. The Kommersant journalist Sergei Diupin captured similar notions while interviewing members of Dzhem's organization during the welcoming ceremony for the funeral in the Hotel Voskhod in Komsomolsk-na-Amure:

> Thanks to Petrovich [Vasin], we don't have chaos [*bespredel'*] here in town [...] this is a thief's [*vorovskii*] town, not a bandit [*banditskii*] one [...] If they steal your wallet out of your pocket, this is normal, you can't say anything against that. But if they beat you with a baseball bat and steal your fur hat, that's already chaos. We had these things happening in our town. When Petrovich took

> command we caught all this fowl [*povylovili dich'*]. Up to this day everything was quiet. You could walk drunk and in socks through the whole town at night, with a golden chain around your neck, your wallet in your hand and nobody would touch you."[364]

It is difficult to judge the validity of these comments and assess their truth in the light of Komsomolsk-na-Amure's reality. Yet these remarks nevertheless represent an emic point of view on the social reality of organized crime and hint at the multivocality of the discourse on organized crime in contemporary Russia. Nancy Ries encountered equally contradictory statements in respect to the ambivalent role of the Mafia in Russia; one time seen as a destroyer of justice and order and at other times seen as a source of the same.[365] Talk about organized crime is a popular moral discourse on chaos and order. [366] It is not so much about an order that state power is supposed to guarantee, but rather focuses on the chaos the state seems unable to control. For some, powerful organized crime groups emerge in this context as a dependable guarantor of stability and order, as an institution that fulfills the functions of discipline and control the state has apparently lost.[367]

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[364] Sergei Diupin, "Batiu khoroniat vsem mirom," *Kommersant*, 27 October 2001.
[365] Ries' informants depict the mafia at times as honest and decent, as an institution that is urgently needed in the predatory economic environment of post-Soviet Russia. See Ries, "Honest Bandits and Warped People," 278.
[366] This talk is part of a broader discourse on chaos in order in the post-Soviet sphere. See for instance, Jona Nazpary, *Post-Soviet Chaos: Violence and dispossession in Kazakhstan* (London: Pluto Press, 2002), 88.
[367] Ries, "Honest Bandits and Warped People," 309.

5.5 Organized crime in the Russian Far East (Vladivostok and Primorskii Krai)

Where there is money to make, you can not do without the Mafia.
Vadim, customs official, 25 years

The evolution of organized crime networks in Russia after the collapse of the Soviet Union offer a glimpse into the intrinsic dynamics and developments of local crime groups. In the following pages I will sketch the evolution of organized crime during the last 20 years in the Russian Far East, especially in Vladivostok. Since a detailed and encompassing account of Vladivostok's criminal history would exceed the scope of this work by far, I will rather concentrate on a number of key figures, who represent different phases and branches of organized crime in the Russian Far East. Diverse biographies, networks, and economic specializations will illustrate the heterogeneity of organized crime in contemporary Russia. At the same time, the various criminal organizations show common features and share similar lines of development. Connections between big business and organized crime groups are of special interest here. Organized crime groups are flexible social and economic structures, able to adapt innovatively to changing economic and politic environments and are in constant interaction with allies and competitors. A diachronic perspective, focusing on process as well as on structure, will illustrate the parallel evolution of organized crime groups in Vladivostok and capture its complex dynamics.

Unlike Komsomolsk-na-Amure, Vladivostok had never been a city controlled by the *vory*. Vladivostok's peculiar status as a closed city and the dominant presence of military structures during the Soviet Union made it extremely difficult for the society of the *vory v zakone* to establish a hegemonic presence in Vladivostok's underworld, as they had

successfully accomplished in Komsomolsk-na-Amure and Khabarovsk. Vladivostok was known as a "red city," a city predominately under the protection of state security organs. In addition, since the 1980s various crime groups not affiliated with the *vory* had established operations in the harbor town and strongly protected their spheres of influence. The aforementioned "nightshift" and its key figures Koval and Kaban were an early example of underground entrepreneurs who used Vladivostok's geographical and infrastructural particularities to their advantage. They were not the only ones. Vladivostok's harbor presented a highly attractive economic zone for all manner of illicit entrepreneurs. Growing economic freedom and the nascent private market, initiated during the Glasnost period in the mid-1980s, led to a growing numbers of private entrepreneurs in the city. These businessmen and traders, often operating at the brink of legality, were easy targets for blackmailing and racketeering schemes conducted by a variety of criminal groups. These groups were led by professional criminals often with extensive prison background, the so-called *ugolovniki* (convicts) or *sinie* (the 'blue ones' – a reference to the prison tattoos on fingers and hands). Iuri Trifon, Kim, Rybak, and D'iak were among the better known authorities and leaders of those groups during the late 1980s and early 1990s.[368]

After the breakdown of the Soviet Union, Vladivostok was opened to international shipping and commerce, offering myriads of business opportunities, both legitimate and illegitimate. The borders between legal enterprises and illegal economic activities have become increasingly blurred, creating a gray area of commerce where contraband is layered and hidden in the transactions of licit commodities.[369] For the large part, illegal goods entering and exiting Primorskii Krai and Vladivostok use existing legal trade routes and modes of transportation. I will briefly address here two major illegal spheres of income specific for the Russian Far East, which constitute a major source of income

[368] VTsIOP, "Khronika organizovannoi prestupnosti (obzor pressy 1997-2002)," 7.
[369] The intersection of formal and non-formal trade routes is of course not a phenomenon restricted to the Russian Far East. Caroline Nordstrom has described similar "entangled roads" in Africa where illicit and legal goods travel through the same channels. See Carolyn Nordstrom, *Shadows of War,* 93.

for local organized crime groups: (1) import of used and stolen cars from Japan, and (2) export of poached maritime resources.

During the 1990s Vladivostok turned into an all-Russian hub for the import of used Japanese cars. Vladivostok's proximity to Japan, its large port facilities and the existing railway linkage to central Russia made for an almost ideal setting. The large supply of used cars in Japan satisfied the rising demand for affordable cars in post-Soviet Russia. Japan's strict automobile inspection laws led to a dynamic market with a high turnover of relatively new cars, attracting international car brokers in large numbers to the used-vehicle auction sites.[370] Although the trade in used vehicles is mostly a legitimate business it nevertheless presents organized crime syndicates with a variety of opportunities for illegal transactions: Cars can be smuggled into Russia on board of cargo liners, thus avoiding import taxes and increasing the profit margins; or stolen cars endowed with new titles can be sold in Russia on the legal used-car market. According to Japan's national police agency illegal trade with Russia in 2001 was responsible for the theft of 63,000 cars with a total estimated value of up to US$2 billion.[371] These numbers point to the large scale of this illegal market and the possible profits for involved entrepreneurs. Primorye's Interior Ministry notes that the smuggling of stolen cars constitutes one of the most lucrative income bases for organized crime groups in the region.[372]

Maritime resources represent yet another important illicit income for organized crime groups in the Russian Far East. Complex schemes of poaching and document fraud involve Russian fishermen, customs officials and Japanese importers, which is one of the main recipient of maritime resources from the Russian Federation.[373] The comparison of the registered catch in Russia with the numbers of marine products entering annually the

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[370] Russian nationals bidding at these auctions represent only a part of the international used-car dealer community. Approximately half of the international dealers are Pakistani, Bangladeshi and Sri Lankans. See Tomoko Otake, "Foreigners dominate used-vehicle export trade in Japan," *The Japan Times*, 3 June 2004.

[371] Velisarios Kattoulas, "Crime Central," *Far Eastern Economic Review* 165, 21 (2002), 50.

[372] A.H. Sukharenko, "Kontrabanda ugnannykh iaponskikh avtomobilei na Dal'nii Vostok," *VTsIOP*, electronic document, http://crime.vl.ru/docs/stats/stat_70.htm, accessed 21 March 2006.

[373] Boris Reznik, "Mafiya i More," *Izvestiya*, 21 October 1997.

Japanese market is indirect evidence for the large scope of poaching in North Pacific waters. For instance, in 2004, the complete crab harvest in the Far Eastern Basin was registered at 2050 tons according to Japanese customs, yet the import of crab during the same period amounted alone on Hokkaido to 27600 tons.[374] Economic losses from illegal catches of Kamchatka Crab, Blue Crab, and Mintai in the Russian Far East are estimated as more than US$750 million per year.[375] Two main methods, essentially a combination of poaching and smuggling, are used by Russian poachers. One method is based on a scheme where a ship without the mandatory quotas or licenses uses faked documents to import their illegal catch to Japan or other Asian countries. Another method is to surpass the allowed quota and to transfer the excess catch on a foreign trawler on the high seas. Russian ships calling to foreign ports, mainly Pusan and Hokkaido, the so-called 'Flying Dutchmen,' play a key role in the illegal harvest of maritime resources in the Far East.[376] Sailing under Russian flag, these ships are able to harvest marine resources in the Exclusive Economic Zone, a zone stretching 200 nautical miles from territorial waters, without going through normal customs clearance. The poaching operations are highly organized criminal activities, often involving several ships, the cover of official companies, and the complicity of custom officials.[377]

Similar to other regions and cities in Russia the origins of post-Soviet organized crime in Vladivostok can be traced back to the emergence of street rackets that systematically preyed on an evolving class of street traders and small-scale entrepreneurs. Neighborhood gangs transformed rapidly into structured criminal groups who forced their dominion onto the small businesses of the city by extracting protection fees. The *sportsmeny*, using their physical skills to intimidate and enforce, soon emerged as dominant players in Vladivostok's underground. Vadim, one of my key informants, had witnessed these developments from their early beginnings. He had been a former

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[374] "Brakonery bez barerov," *Vladivostok*, 9 Novemebr 2005.
[375] "Far Eastern Fishing," *Russian Regional Report* 11, 7 (19 March 2006).
[376] Brad Williams, "The Criminalization of Russo-Japanese Border Trade: Causes and consequences," *Europe-Asia Studies* 55 (5), 2003, 713.
[377] Alexey Vaisman, "Trawling in the Mist: Industrial fisheries in the Russian part of the Bering Sea," TRAFFIC species in danger report (November 2001), 66-67.

boxer and streetwise. During the numerous conversations we had with each other, he always surprised me by his intimate knowledge of the city's criminal underworld. Yet his own involvement remained an unspoken taboo and my inquiries into his criminal past were always answered with a smirk and ominous silence. Now, at the age of twenty-five, after several years of law school, he had turned his back to the street and is now working as a judicial specialist in the department of customs inspection. With convincing clarity and insight, Vadim shared with me the history of Vladivostok's criminal underground and helped me to understand its numerous factions and transformations during the last fifteen years. It all had begun with the rackets:

> At the beginning of the 1990s racketeering started; or *bykita* as it was called. Small groups [*gruppirovki*] appeared who were under nobody's control; they were working on their own. They might listen to an older authority figure and give him tribute [*daiut dan'*]. That means people in their early twenties paid respect to people in their late twenties. They engaged in racketeering in the street markets. Most of their capital was coming out of the racket. That's how anybody started, knocking out the money from some firms.

During the early 1990s, the individual groups concentrated on racketeering as their main illegal income and strictly operated inside their territorial boundaries divided along Vladivostok's *raiony* (city districts). This time was characterized by recurring violent confrontations between opposing gangs staking their claims in the city. The individual *grupperovki* (criminal groups) were organized in a pyramidal structure (see Figure 15). At the top of the group was the *rukovoditel* (leader), overseeing and planning the group's general operations. His *klichka* (criminal alias) was normally used as the group's designated name. The group was divided into several subgroups, the brigades (*brigady*), which operated independently from each other, often assigned to specific tasks or territories. A *brigadir* (brigade leader) was responsible for the day-to-day operations of his group, coordinating the brigade's operations. A *kommersant* (business manager) at

the brigade leader's side was in charge of overseeing the group's economic activities. At the base of the hierarchical structure were the *soldaty* (soldiers) or *byki* (bulls). Each brigade included between 10 and 20 members, who were responsible for enforcement of contracts and intimidation of uncooperative targets.

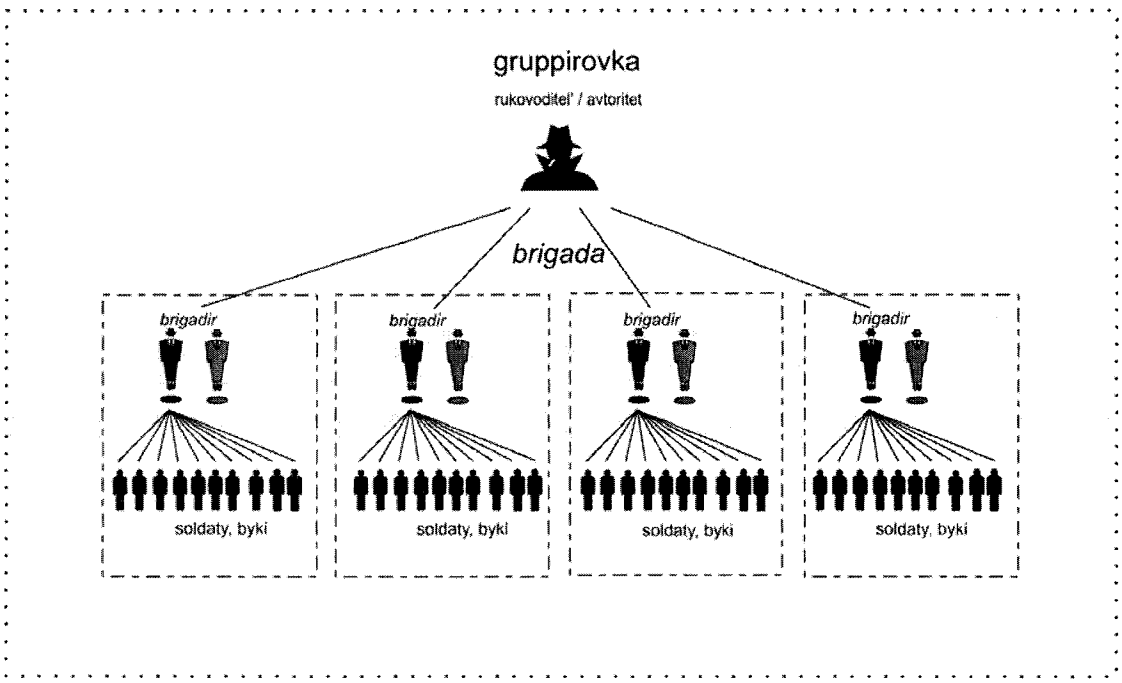

Figure 15: Basic organizational structure of Russian organized crime groups

With a rapidly progressing privatization of former state enterprises, more profitable opportunities emerged and a shift from territorial dominion to the control of economic spheres occurred. According to Vadim, economic specialization took priority over spatial control without completely overriding the territorial divisions:

> Before, during the time of the violent confrontations [*razborki*], there was a strong division into different territories. For example, Pervorechenskii Raion is

> mine and Sovetskii Raion is yours, and if you come into my territory you will be beaten up. That doesn't exist any more. Now the fight is about economic spheres, about influence in the big business. Of course the racket still exists, and territory is still important, but it takes on a different meaning nowadays. Of course, you don't want the others to operate on your territory, after all the chicken still feeds on its own seeds, but influence in the economic sphere is now more important [...] The groups nowadays are cooperating, back then they stabbed each other. From 1995 to 1998 the large violent confrontations happened, now things have calmed down. The guys understood that it is merrier [*veselee*] to cooperate."

The rise and fall of the Larionov group is an early example of these increasingly business oriented new criminal groups, diversifying their illegal income and moving into more profitable operations, taking advantage of Vladivostok's peculiar location in the Russian Far East as a major transportation hub and fishing port. Sergei Larion graduated at the end of the 1980s from the Far Eastern Polytechnic Institute and became a *Komsomol* (Young Communist League) leader of one of Vladivostok's main shipping companies, the refrigerator fleet *Vostokrybkholodflot* (*VRKhF*), heading the company's sport and technology club.[378] Using the club as an umbrella, Seregei Larionov and his brother Aleksandr started the criminal organization "*Sistema*" (The System).[379] By the late 1980s the Larionovs established themselves as the business leaders of the cooperative *Rumas*, Vladivostok's first private company with the right to license new drivers, which had its physical address on the promises of *VRKhF*. In addition, by the 1990s used-car import from Japan had become a lucrative and highly contested business. The individual operations that the brothers oversaw were small, 5 to 10 people were involved, but the profits astonishing. Cheap cars from Japan were bought for US$ 400-

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[378] The position as a *Komsomol* leader during the late 1980s in the Soviet Union gave access to the new economic privileges implemented by Gorbachev in 1987. So-called technology clubs were one of the first entities that allowed for private entrepreneurial initiatives and currency exchange. Several of Russia's future oligarchs started their business career in these positions and clubs. See David E. Hoffmann, *The Oligarchs: Wealth and power in the new Russia* (New York: Public Affairs, 2002).

[379] Evgenii Itarov, "V istorii s 'chernym peredelom' ostalis' belye piatna," *Zolotoi Rog*, 28 January 2000.

800 and sold for US$ 2000-2500 in Russia.[380] A security agency owned by the Larionov brothers presented the sufficient cover for their activities and numerous armed security forces. Close cooperation with the police helped them to limit the success of competitors involved in the same business. The military like internal structure of the brother's group included an intelligence branch headed by Vladimir Poluboyarinov, a former Pacific Fleet counterintelligence officer, systematically collecting information on the city's criminal authorities, major businessmen, and important members of the security organs.[381] The privatization of *VRKhF* and its subsequent transformation into the shareholding company *Vostoktransflot* (*VTF*) presented the Larionovs with yet another sphere of influence. Through threats and assassination attempts on competing shareholders they acquired a large block of shares and staged a so-called *chernyi peredel* (black takeover) and placed Vladimir Mistiuk and Viktor Ostapenko at the top of the shipping company. Under the company's leadership most of the refrigerating fleet was sold (92 ships out of 135) in an asset stripping scheme from 1992-1997. Yet the Larionovs could not harvest the fruits of their work for long. Aleksadr Larionov was stabbed to death during an internal dispute in 1993. Retaliation killings initiated by his older brother Sergei further decimated the group's leadership. Sergei Larion and nine members of his group were arrested in 1994. During the arrest the police confiscated 60 grenades and more than 50 kg of explosives, including bomb detonators. The investigation lasted for four years, the trial another one and a half, and resulted in fifteen different criminal charges against the gang that included at least 18 murder charges. Sergei Larionov did not outlive the end of the trial. On February 24, 1998 he was killed by a fellow inmate in the Vladivostok investigation isolation cell (SIZO). Rumors and anecdotal evidence point to an ongoing battle over the control of *VTF*, a conflict that ultimately silenced the greatly involved Sergei Larionov.[382] Two months later, on April 22, 1998, Nadezhda Samikhova, was shot dead. She was the *krestnaia mat* (godmother)

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[380] Margarita Usova, "Zashchita Larionovykh," *Zolotoi Rog*, 21 March 2000.
[381] Vladivostok News, "End to a bloody era: 9 gangsters sentenced," *Vladivostok News*, electronic document, http://vn.vladnews.ru/arch/2000/iss207/text/upd4.html, accessed 13 February 2005.
[382] VTsIOP, "Khronika organizovannoi prestupnosti (obzor pressy 1997-2002)," 8; and D. Khabalov, "Banda Larionovykh ostalas' bez brat'ev," *Vladivostok*, 27 February 1998.

of Larion at his orthodox conversion in 1996, and the lawyer of Vadim Goldberg, a co-accused in the Larion trial.[383] It was the first contract hit on a lawyer in Vladivostok. These victims were only a part of a larger series of high-profile killings that ravaged Vladivostok's underworld during the mid to late 1990s. It is important to view those killings not just in relation to the Larionov's rise to power, but within the overlapping interests of crime groups active during this period.

As mentioned above, the peculiar economic circumstances at the beginning of the 1990s nurtured a new generation of criminals in Vladivostok. The *sportsmeny* joined the underworld, dominated previously by the older and more established groups of *sinie* (professional criminals). The *sportsmeny* soon established their own spheres of influence. In addition to territorial control, these groups occupied specific niches in Vladivostok's underground economy. At least six major groups can be identified in 1997 (See Figure 16).[384]

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[383] Vladivostok News, "Two gunned down as mob hits continue," *Vladivostok News*, electronic document http://vn.vladnews.ru/arch/1998/iss166/text/news7.html, accessed 12 March 2005.

[384] I am excluding here crime groups organized along ethnic lines, partially in lack of available evidence and partially because of their subordinate role they played in Vladivostok's underworld; most of them concentrate on racket of fellow nationals on the open air markets. An exception is the Chechen Mafia, which controlled a majority of the smaller businesses in the city's *Churkin* district and constituted a military strong group with approximately 100 members. For a more detailed account of Vladivostok's underworld and criminal gangs see V.A. Nomokonov, *Organizovannaia prestupnost' Dal'nego Vostoka*, 121-150; Aleksandr Tomin, "Semia, ili Mafia po Primorskii," *Zolotoi Rog*, 24 June 1997.

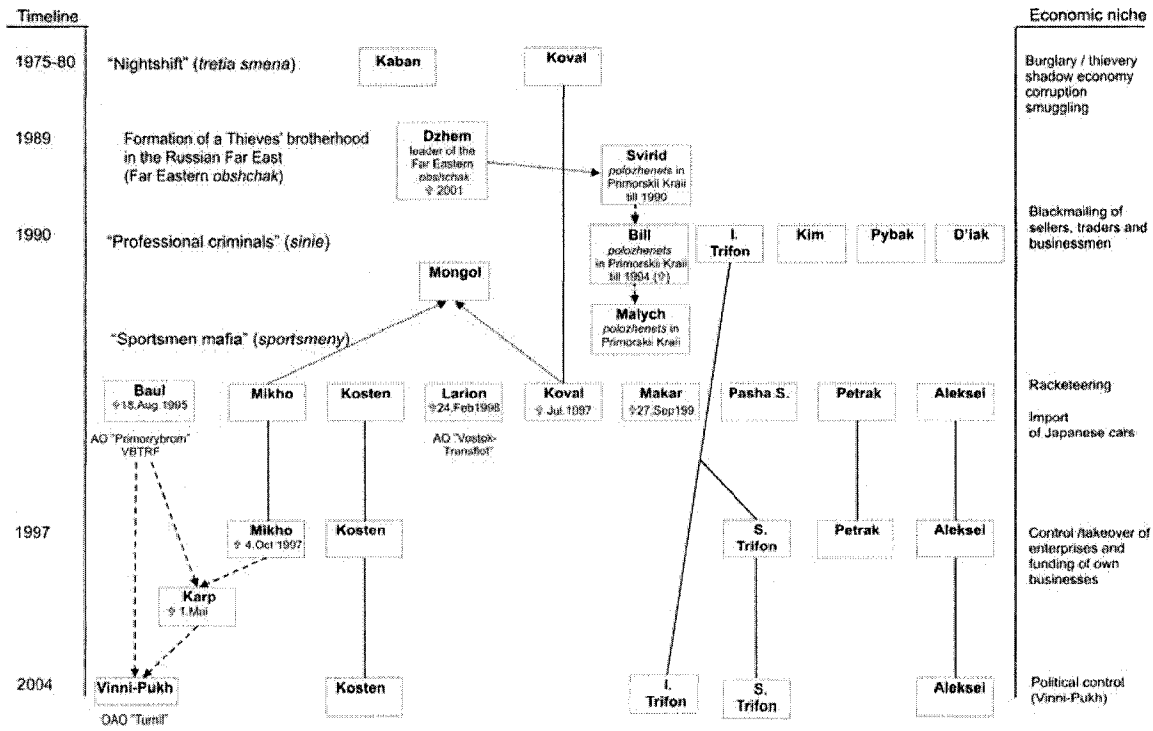

Figure 16: Evolution of criminal organizations in Vladivostok

Petrak – In the early 1990s the group of Vladimir Petrakov concentrated on the control of Vladivostok's microbus transportation system, which was a highly profitable business that attracted several criminal groups that tried to exert their influence and establish a monopoly.[385] The group's main income stemmed from the import of food products into the city. Nowadays acting as a vice president of a subsidiary of a Moscow bank, Petrak retreated effectively from his illegal economic activities at the end of the 1990s. Vadim offered following insight:

> Petrak stepped back in 1999. He was controlling the Nadechinskii Raion and was recruiting street children for his gang. But then they scared him a little bit, and

[385] See VTsIOP, "Khronika organizovannoi prestupnosti (obzor pressy 1997-2002)," 15.

> word reached him that he should lay low for a while and so he did. After all, your life is more valuable than your money.

Aleksei – In terms of sheer numbers, Aleksei's group is one of Vladivosktok's strongest with several hundred members at its disposal. This group is mostly composed of *sportsmeny*, controlling several security companies and using the blurred border between protection and racket to exert its control over night clubs and several commercial structures. Vadim characterized the group as follows:

> The members of the group were called the Alekseivskii. This is one of the biggest groups in town right now. I know that they control the protection agencies. Nowadays, these protection agencies have not only the function of guarding and protecting but they also are involved in racketeering. A member of a protection agency can be used not only to protect, but also to collect money from entrepreneurs. This is how they legitimized the bandits by making them in to security guards. You can also call them bandits in the law [*bandity v zakone*]. Approximately 20 to 30 people work in every protection agency. As you see, they are able to control a large amount of these agencies and can bring in a lot of people to a *razborka.*

Mikho – Born 1952, Mikhail Osipov had first been arrested for his involvement in the underground economy during the Soviet times. His approximately one hundred member strong group was mainly involved in entrepreneurial activities and provided the protection roofs for several commercial structures.[386] Some evidence points to the fact that Osipov had been affiliated with Dzhem's *obshchak* and acted as his *polozhenets* ("consul") in Vladivostok.[387]

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[386] Nomokonov, *Organizovannaia prestupnost' Dal'nego Vostoka*, 134.
[387] VTsIOP, "Khronika organizovannoi prestupnosti (obzor pressy 1997-2002)," 7.

Kosten – This group of *sportsmeny* controlled a nightclub and several security agencies. Not significantly involved in larger enterprises, this group had lost a significant amount of influence as a vital criminal actor over the last years.[388]

Trifon – Iuri Trifon is probably one of the oldest criminal authorities in Vladivostok and considered to be part of the group of professional criminals with extensive prison backgrounds (*sinie*); he had served almost 20 years. Although Trifon never received his coronation as a *vor*, he has been ideological as well as personally close to *vory* of the Far Eastern *Obshchak*. By the late 1990s, Trifon had left the city for the countryside, but his groups still exerts its influence over the business and transportation hub of Vladivostok's Vtoraia Rechka district. [389]

Baul – Sergei Baulo's group plays an important role in the evolution of organized crime networks in Vladivostok. It initially started as a group of *sportsmeny* and soon took control over a viable part of Vladivostok's car import business and facilitated several protection arrangements for larger commercial enterprises in the shipping and fishery industries.[390] Baulo's group and its later division was a seeding ground for a new generation of Vladivostok's future political figures stepping out of the shadow of organized crime. At the same time, the death of Baulo in 1995 marked the beginning of a violent period of turf wars between competing groups that transformed Vladivostok's criminal underworld in lasting ways.

Territory and highly profitable industries were limited in post-Soviet Vladivostok. Protection racket, the import of used cars, shipping companies and fisheries were highly contested and ultimately limited resources of the underground economy. Violent clashes erupted between the criminal groups over these resources. A series of high-level gang related contract killings took place in Vladivostok since 1995, with a peak between 1997 and 1998: Sergei Baulo (Baul) died during a mysterious diving accident off the coast of

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[388] VTsIOP, "Organizovannaia prestupnost' na Dal'nem Vostoke (obzor pressy 2004)," electronic document http://www.crime.vl.ru/docs/obzor/obzor_2004, accessed 11 March 2005, 18.
[389] Ibid., 19.
[390] See VTsIOP, "Khronika organizovannoi prestupnosti (obzor pressy 1997-2002)," 7.

Vladivostok on August 18, 1995, his oxygen tank apparently containing a wrong mixture; Anatolii Makarenko (Makar), one of the city's first *sportsmeny*, was killed on September 27, 1995; Anatolii Kovalev (Koval) was killed on June 30, 1997; Mikhail Osipov (Mikho) was gunned down in front of the Hyundai Hotel in the centre of Vladivostok on October 4, 1997; Vrezh Babakekhian, influential Armenian business man and nightclub owner, was shot down in his car outside the Royal Park Casino on February 17, 1998; Sergei Larionov (Larion) was stabbed to death in prison on February 25, 1998; the body of Sergei Potapov, vice-president of the all-Russian Sambo Federation and head of the tourist company *Dal'inturist*, was found on April 22, 1998; Igor Karpov (Karp) was killed with a sniper rifle in front of his own restaurant *Prestige* on Svetlanskaia Street on May 1, 1998. These killings significantly crippled the field of competitors. At the beginning of 2001 only four major groups remained intact in the city; the groups of Vinni-Pukh, Kosten, Trifon, and Aleksei.

The winners took it all. The phase of legalization had begun. Sasha, a former policeman, explained this process to me in the following words:

> All the criminal groups moved into business and factually legalized themselves. In the 1990s we had several groups, like the Alekseiievtsy or Larionovtsy. Aleksei moved into legal business. There was also Baul, who died, and the groups of Karpov, Darkin, and Vinni-Pukh. They also legalized their business, or died, like Karp. By the way, I think Vinni-Pukh was here involved. Then there is still Trifon, who had spent 20 years in prison. He is now also a business man [...] There used to be a sports Mafia [*sportivnaia mafia]*, which was formed by athletes coming out of the former Komsomolts [Soviet Youth Organisation]. Back then, they were all proud of being racketeers and criminals, but now they all say, "What are you talking about, I am not a criminal!" Time has changed. They lived through the time of dividing up the capital and robbing the entities that were leftovers from Soviet times. Now they all say: "We are just regular businessmen." Why attract attention to yourself? They just keep silence, being no longer proud

of their criminal past [...] Now, what everybody strives for is not to be in the spotlight but to stay in the shadow."

Once again, it is important to understand these processes of change in relation to Vladivostok's transforming underworld. A focused analysis of this clandestine world where criminal and business networks entangle, helps to better understand the recent transformations and elite formations in the city (see Figure 17).

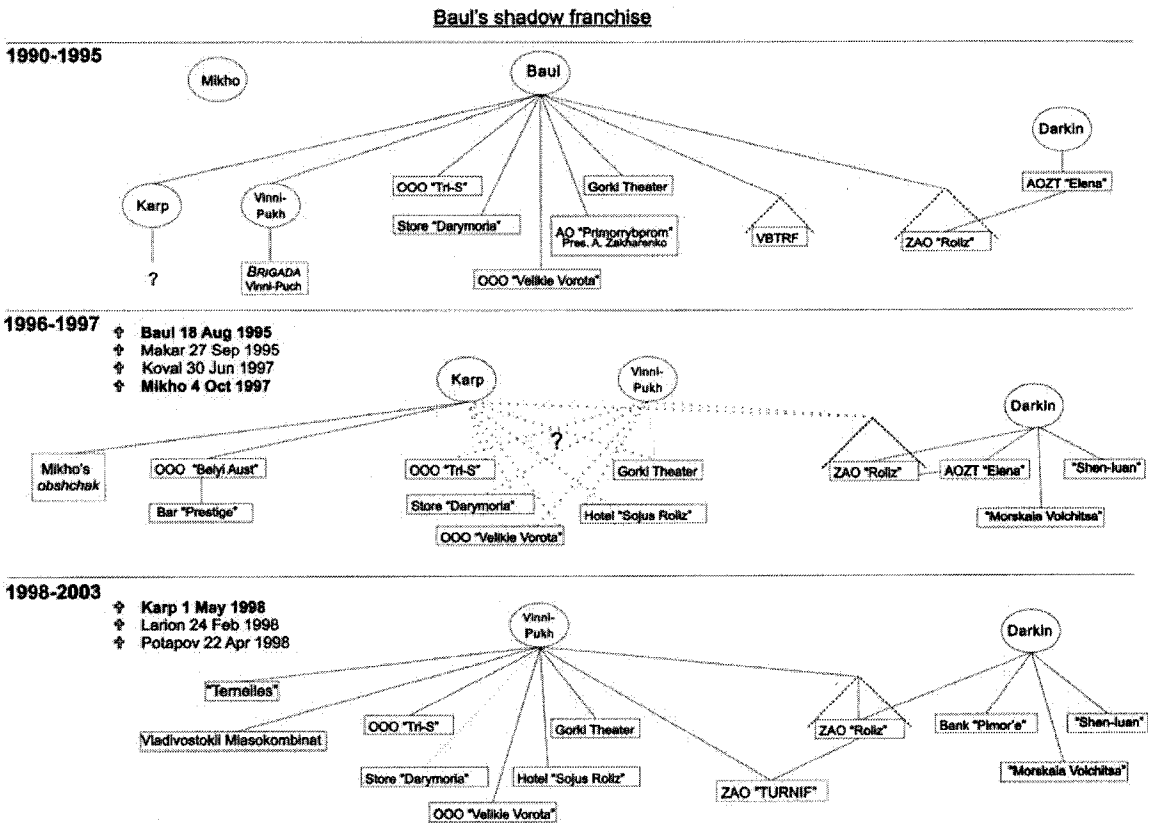

Figure 17: Baul's shadow franchise (1990-2003)

Sergei Baulo's organization had been one of the first racketeering groups in Vladivostok. Baulo was born 1958 in Dal'negorsk. Nearby, in the submarine base Rakuschka, Baulo received his military training as a navy diver. He was a boxer and avid scuba diver himself and had earned the Soviet title of Master of Sports. Baulo and his group of *sportsmeny*, divided into several brigades, expanded early on from racketeering and the used-car schemes into larger business operations that were connected to shipping companies and fisheries. At the beginning of the 1990s, Baul took control of the newly founded shareholding fishery company AO *Primorrybrom* (PRP).[391] In addition, his organization provided the protection and security for the Vladivostok Base of the Trawler and Refrigerator Fleet OAO *VBTRF* and ZAO *Roliz*, where one of his relatives, a former colonel of the Interior Ministry, headed the company's in-house security service.[392] The ship and equipment leasing company *Roliz* was headed during that time by Sergei Darkin, a friend of Baulo from his early days at Rakushka and the recent governor of Primorskii Krai, who entered Vladivostok's business world in 1991 taking control of AOZT *Elena's* stocks. *VBTRF* was another shipping company in Vladivostok that was depleted of its assets during the 1990s, only three ships remained from the original 70 in 1998. The company made the headlines in 1998 for its involvement in larger illegal transfers during the time of Governor Nazdradenko.[393] In addition to the involvement in the shipping and fishery industry, Baulo controlled several shops and smaller enterprises (e.g. OOO *Tri-S*, OOO *Velikie Vorota*, store *Darymoria*), including the largest theater in town. Sergei Baulo died a sudden death August 18, 1995, diving in the Japanese Sea. The Gorki Theater was the centre of his lavish funeral, which attracted several thousand guests and a large array of black BMWs, and which led to the temporary closure of Svetlanskaia Street, Vladivostok's major transport artery.[394] His body was laid to rest in

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[391] Ibid.
[392] Inna Luk'ianova, "Dar'kin s moria," *Profil'*, 16 July 2001.
[393] Vladivostokskii Tsentr Issledovaniia Organizovannoi Prestupnosti (VTsIOP), "Ekonomicheskaia prestupnost'," electronic document, http://www.compromat.ru/main/mafia/opdv6.htm, accessed 12 January 2005.
[394] V. I. Shul'ga et al., "Osnobvnye organizovannye prestupnye gruppirovki Primor'ia," Vladivostokskii Tsentr Issledovaniia Organizovannoi Prestupnosti, electronic document, http://www.crime.vl.ru/docs/books/book2/g2/3.htm, accessed 13 November 2005.

a conspicuous tomb, next to the monument of a perished submarine crew, on Vladivostok's maritime graveyard (*Morskoi kladbishche*).

Baulo's death stands at the beginning of prolonged series of violent clashes between opposing networks that lasted till the end of the 1990s. Only three months after Baulo's death, on October 3, 1995, Andrei Zakharenko, a close acquaintance of Baulo and general director of AO PRP, was killed by a bomb in his private home.[395] The subsequent killings of Koval (1997) and Mikho (1997) were supposedly the results of the same struggle for control over major enterprises in the shipping and fishery industry.[396]

Baulo's death led to the partition of his diversified business and protection-empire. Two of his former *brigadiry* (brigade leaders), Karp and Vinni-Pukh, took control of the legacy. The actual division of his business between the two remains unknown to me, yet some evidence points to a highly contested opposition between Karp and Vinni-Pukh.[397] The relation between the successors remained strained, culminating in the death of Karpov on May 1, 1998. From that point on Vinni-Pukh took control of Baulo's former shadow franchise. Sergei Darkin married Karpov's widow, the actress Larisa Belobrova, and supposedly inherited part of the business Karpov had signed under her name.[398]

Vinni-Pukh's biography is here of special interest, not only because his group became one of the most powerful criminal organizations in Vladivostok at the end of the 1990s, but also because his vita exemplifies the successful step of a former criminal into legal business and subsequently into the political realm. Vinni-Pukh's real name is Vladimir Nikolaev, born 1973 in Vladivostok. A proficient boxer – in 2000 he became the head of the Far Eastern Kick Boxing Association – Nikolaev quickly rose in the ranks of Baulo's organization to the position of a brigade leader, specializing on racket and car sales. A survivor on two attempts on his life, he did not restrain from violence himself. In

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[395] Oleg Logunov, "Baula nashli s pererezannym shlangom," *AiF-Dal'inform*, March 1996.
[396] V. A. Nomokonov and V. I. Shulga, "Murder for Hire as a Manifestation of Organized Crime," *Demokratizatsiya* 6, 11 (1998), 679.
[397] Igor' Korol'kov, "Gubernator i Vinni Pukh: Novyi rukovoditel' administratsii Primorskogo kraia ne slishkom razborchiv v vybore druzei," *Moskovskie Novosti*, 3 July 2001.
[398] "Kriminal'nye podmostki," *Arsen'evskie Vesti*, 14 June 2001.

1999 he was sentenced to three and a half years for his involvement in death threats and assaults on the management of the sport complex *Olimpiets*, of which he served one year and three months.[399] Never regarded as criminal authority himself, Nikolaev nevertheless knew how to play out his strengths, as Vadim made it clear to me:

> Nikolaev was never an authority [*avtoritet*]. He was just a leader of one of the groups. Just a tough person and he achieved everything not by being smart but with his strength. For example, he acquired a large block of the shares from TURNIF by taking them by force from the head of the company who was later found with two broken legs. He is just an ordinary bandit.

After the death of Baulo and Karp, Nikolaev moved into the leadership vacuum of the organization and took control of its structure. It was estimated that Vinni-Pukh's group included up to 300 hundred members with exceptionally good contacts to the state security organs (OMON, SOBR, UGOP).[400] This organization presented Nikolaev with a substantial base for his operations, which concentrated more and more on the control and takeover of profitable enterprises. He acquired a major block of shares from the fishery and research company OAO *Turnif*, took control of the meat processing factory *Vladivostokii Myasokombinat*, and the timber enterprise *Terneiiles*. Politics was his next step. In 2001 Nikolaev acquired as seat in the regional parliament (*Zakonodatel'noe sobranie Primorskogo Kraia*) as a representative from Partisansk, a town 200 kilometers to the east of Vladivostok. In 2004 he won the elections for city mayor in Vladivostok. The night of his election victory was celebrated boisterously by his cronies in a local Italian restaurant, expressing their *coup d'état* in explicit language: "We fucked the whole city from behind (*postavali rakom ves' gorod*) [...] Be prepared, this is only the beginning."[401]

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[399] Galina Sapozhnikova, "Pochemu Vladivostok vybral krutogo mera?" *Komsomolskaia Pravda*, 16 August 2004.
[400] Dmitrii Markin, "Medvezhnii ugol dlia Vinni-Pukha," *Moskovskii Komsomolets*, 9 June 2004.
[401] Press office of the restaurant chain "Mauro Dzhanvanni", "Gotov'tes', eto tol'ko nachalo," press release, 19 July 2004.

5.6 Organized crime, mafia, and the state

It is nobody's fault that somebody turns out to be like this
and another to be like that
Sergei Darkin, Governor *Primorskii Kraii*

Russian organized crime has captured public as well as academic imagination during the last decade with increasing intensity. Scientific and popular discourses on organized crime have sharply risen after the demise of the Soviet empire, evoking the grim picture of an inconsolable threat to the stability of the successor states of the Soviet Union and to the security of western countries in general. To convey the image of a rising threat emanating from the former Soviet Union and spreading out to the rest of the world, authors often take recourse to stark animal metaphors to evoke the strangling, vulture like quality of organized crime. Organized crime groups have been described as an "octopus"[402] reaching out in every corner of society, or spreading "tentacles"[403] to choke its host. Other authors have stressed the raptor like qualities of "corrupt officials and criminals – somewhat in the manner of hyenas and vultures [...] carving up the body of the old Soviet State."[404] In Russia itself these images have settled in the public discourse. The image of sprut (octopus) is now widely used as a synonym for organized crime, a reference to the popular Italian TV series *Piovra – potenza della mafia* (Octopus – power of the Mafia), which gained popularity in Russia in the 1990s.[405]

In a similar manner, yet in less graphical language, various state organs have addressed Russian organized crime as an engulfing and far-reaching threat riding the wave of globalization. The U.S. Department of Justice report on Russian organized crime

[402] Claire Sterling, *Octopus: The long reach of the international Sicilian Mafia* (New York: Simon & Schuster, 1991).
[403] Bertil Lintner, "Spreading Tentacles," *Far Eastern Economic Review* 166 (2003), 54-56.
[404] James O. Finckenauer, "The Russian Mafia," *Society Abroad* 41, 5 (2004), 63.
[405] Mark Galeotti, "The Mafiya and the New Russia," *Australian Journal of Politics and History* 44 (1998), 416.

states that, "in the decade since the collapse of the Soviet Union, the world has become the target of a new global crime threat from criminal organizations and criminal activities that have poured forth over the borders of Russia and other former Soviet republics such as Ukraine."[406] The West is seen under the growing influence of organized crime groups originating in the former Soviet Union, making them responsible for the rise in violent crimes in Western Europe and the penetration of Western economies.[407]

Beyond the metaphorical understandings of organized crime groups and Mafia-like organizations, a substantial debate developed during the last decades in the sociological, criminological and anthropological literature on the defining characteristics of organized crime. At least three different paradigms can be distinguished.

Beginning in the 1960s, the arguments in the field of sociology and the debate in governmental hearings in the US centered on the organizational features of organized crime. Following the institutional approach in economics, this paradigm primarily focused on the formal features of organized crime and pictured the criminal structures as "viable organizations," thus comparable to the organizational configuration of a large company.[408] In the 1970s and early 1980s long-term anthropological studies conducted in Mediterranean societies, especially in Sicily, added another viable perspective to organized crime studies.[409] These studies focused on a social network approach, stressed the cultural code underscoring the Italian Mafia, and rejected the notion of a formal organization. The involved individuals, rather than the organization as a whole, moved into the centre of inquiry. Social interaction became paramount to understanding the patron-client relationships that underlie the social structure of the Italian Mafia. As mediators between rural areas and urban centers, Sicilian Mafiosi were seen as power

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[406] James O. Finckenauer and Yuri A. Voronin, "The Threat of Russian Organized Crime," in *Issues in International Crime* (Washington: U.S. Department of Justice, 2001), 1.
[407] Stephen Handelman, "The Russian Mafiya," *Foreign Affairs* 73 (1994), 95.
[408] Jeffrey S. McIllwain, "Organized Crime: A social network approach," *Crime, Law & Social Change*, 32 (1999), 303.
[409] Henner Hess, *Mafia and Mafiosi: The structure of power* (Westmead: Saxon House, 1973); Anton Blok, "Peasants, Patrons, and Brokers in Western Sicily," *Anthropological Quarterly* 42 (1969), 155-70; Jane C. Schneider and Peter T. Schneider, *Culture and Political Economy in Western Sicily* (New York: Academic Press, 1976).

brokers with personal contacts as their main asset.[410] To a certain degree, these culturalist approaches denied the existence of the Italian Mafia as a complex large-scale criminal organization. Instead, they perceived the Mafia as a loose association of personal and family networks infused by cultural codes of behavior that regulated access to land and resources. Anton Blok, for instance, argued for an approach that analyzes the Italian Mafia as embedded in a larger historic continuum and that addresses the political and social changes in Sicilian and Italian culture.[411]

Beginning in the mid-1980s the focus moved again. This paradigm shift coincided with the first extensive anti-Mafia trials in Italy, the so-called maxi-trials, where judicial proof of well organized mafia groups finally surfaced.[412] The entrepreneurial features of organized crime structures moved to the foreground. Organized crime structures were seen as clandestine business empires that regulated and thrived on the flow of illicit goods.[413] As an extension of the economic paradigm, the business of private protection, or the conversion of potential violence into a marketable commodity, became a defining feature of organized crime.[414] Following this approach, Diego Gambetta, an Italian Mafia researcher summarizes the underscoring theme of the Sicilian Mafia by retelling the statement of a Sicilian *vacaro* (cattle breeder), "When the butcher comes to me to buy an animal, he knows that I want to cheat him. But I know that he wants to cheat me. Thus we need, say, Peppe [that is a third party] to make us agree. And we both pay Peppe a percentage of the deal."[415]

The entrepreneurial approach to organized crime settled in most of the recent official definitions of organized crime. Following the perspective sketched by American criminologists in the early 1980s, organized crime is now mostly seen as "a continuing enterprise operating in a rational fashion and focused toward obtaining profits through

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[410] Schneider and Schneider, *Culture and Political Economy in Western Sicily*, 11.
[411] Anton Blok, *The Mafia of a Sicilian Village, 1860-1960* (Oxford: Basil Blackwell, 1974), xxx.
[412] Paoli, *Mafia Brotherhoods*, 15.
[413] Pino Arlacchi, *Mafia Business: The mafia ethic and the spirit of capitalism* (Oxford: Oxford University Press, 1988).
[414] Diego Gambetta, *The Sicilian Mafia: The business of private protection* (Cambridge, Massachusetts: Harvard University Press, 1993).
[415] Gambetta, *The Sicilian Mafia*, 15.

illegal activities.[416] Along similar lines, the United Nations Economic and Social Council defined in 1994 organized crime in an economic entrepreneurial framework:

> Participants in criminal organizations are considered to be persons associated for the purpose of engaging in criminal activity on a more or less sustained basis. They usually engage in enterprise crime, namely the provision of illicit goods and services, or of licit goods that have been acquired through illicit means, such as theft or fraud. [...] The activities of organized crime groups require a significant degree of cooperation and organization to provide illicit goods and services. Like any business, the business of crime requires entrepreneurial skill, considerable specialization, and a capacity of coordination, and this in addition to using violence and corruption to facilitate the conduct of activities.[417]

Other official institutions, adopted the same argument. For instance, the U.S. Department of Labor defines organized crime as, "activities carried out by groups with a formalized structure whose primary objective is to obtain money through illegal activities."[418] Similar, Interpol bases its definition on the corporate structure of crime groups, that is, "any group having a corporate structure whose primary objective is to obtain money through illegal activities, often surviving on fear and corruption."[419] These definitions illustrate, that organized crime has been used synonymously for the conduct of illegal enterprise.

Russia is no exception in that respect. Studies of organized crime in Russia have been mainly dominated by the economic paradigm. Several authors have stressed the illicit economic orientation of organized crime groups in contemporary Russia by

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[416] Paoli, *Mafia Brotherhoods*, 55.
[417] Cit. in Paoli, *Mafia Brotherhoods*, 64.
[418] U.S. Department of Labor, Office of Inspector General, Semiannual Report to the Congress (April 1 - September 30, 2001), 48.
[419] Paul Nesbitt, Head of Organized Crime Group, cit. in Fenton Bresler, *Interpol: Der Kampf gegen das internationale Verbrechen* (München: Goldmann Verlag, 1993), 319.

focusing on their specialization in racketeering and the takeover of private businesses. The Russian cases of racketeering groups and private protection agencies show the ambiguous character of protection in contemporary Russia. Protection is oriented towards an external threat, yet in the case of Russia's new class of 'protection entrepreneurs' the source of protection more often conflates with the origin of the threat. Charles Tilly has addressed this ambiguity, the blend of a potential threat with the protection from the very same in the context of European state formations, where governments artificially created external threats to justify the expansion of their own power and influence.[420] Although, violent networks of predation were a common stage in the accumulation of capital, the historic relation between extortion, protection and state making in Europe exemplified the fact that protection presented more than a mere commodity or economic base for criminal groups. Predation and protection services in an emerging market economy in the form of organized extortion was only one step in a more complex evolution of organized crime groups in contemporary Russia. The evolution of racketeering gangs in the Russian Far East showed a progression from street racket and territorial control to the monopolization of economic spheres and eventually to extended political control. The economic paradigm in organized crime research falls short in explaining these developments.

It is important to briefly focus on the distinction between organized crime and the Mafia. According to Federico Varese, the involvement of organized crime groups in protection rackets, infringing on the state's monopoly on violence, is a defining characteristic of the Mafia, "The mafia differs from organized crime in its relation to the state. The mafia and the state are both agencies that deal in protection. While the mafia directly impinges on the state's jurisdiction, organized crime does not." [421] Varese sees the Mafia as a species of organized crime that specializes in monopolizing protection. Seen from this perspective, the Mafia is first and foremost a power structure, and in that sense separate from organized crime groups that merely focus on the material benefits

[420] Charles Tilly, "War Making and State Making as Organized Crime," in *Bringing the State Back In*, ed. P. B. Evans, D. Rueschemeyer and T. Skocpol (Cambridge: Cambridge University Press, 1985), 171.
[421] Varese, *The Russian Mafia*, 5.

from illegal economic activities. I do not attempt here to discuss or question this distinction, but rather use Varese's argument to move beyond an economic definition of organized crime in order to adequately address the heterogenity of Russia's criminal underworld.

The sociological and anthropological tradition of Mafia studies offers several models to explain the emergence of alternative powers that challenge those of the state. The political model sees the Mafia as a corollary of state failure and the role of Mafiosi as power brokers, while the economic model conceives the Mafia as a business of private protection that concentrates on the conversion of potential violence into a marketable commodity. I do not see these differing approaches as mutually exclusive, but rather argue that they each address different aspects of organized crime groups. Recent research has challenged the economic paradigm of organized crime studies, arguing for a more pluralistic view of the Mafia's functions. I follow here Letizia Paoli's approach, which considers the Mafia organizations of southern Italy as "multifunctional entities" with a plurality of goals and functions. [422]

The case studies I have presented from the Russian Far East show the multiplicity and heterogeneity of organized crime in post-Soviet Russia. By presenting an evolutionary sketch of the development of organized crime groups in the Russian Far East, I have tried to attend to these nuances. The described case studies of criminal gangs show the shift from traditional crime networks of the *vory v zakone* to a new class of violent entrepreneurs after the breakdown of the Soviet Union. In the case of Vladivostok's underworld, the influence of the brotherhoods and traditional criminals were sidelined by the new gangs of *sportsmeny* that subsequently entered the licit business world, thus consequently legalizing their assets. The economic specialization on racketeering presented some of the involved groups with enough venture capital to branch into legitimate business. From an economic perspective this development can be subsumed under the process of capital accumulation and economic diversification. Again, this perspective only partially explains the transformations of organized crime in

[422] Paoli, *Mafia Brotherhoods*, 174.

Russia. Like other socio-economic structures, organized crime groups had to adapt themselves to the market transition after the breakdown of the Soviet Union. A social-political focus on the transformation of organized crime groups adds yet another viable perspective. Vadim Volkov argues that the change from *vory* to *sportsmeny* encompassed a switch from normative power based on moral authority to political power based on coercion.[423] This understanding of power base is essential to understand the transformations in Russia's criminal underworld after the breakdown of the Soviet Union and helps to understand the subsequent transformations from violent predation to the entrepreneurial mafia and finally to political power. During the last years in Russia, former gang leaders had entered the political stage, some of them quite successfully. The influence of the participating groups shifted from the territorial influence of a racket to the control of businesses in various economic spheres and subsequently into the realm of political power. The evolution of Vinni-Pukh's group in Vladivostok illustrates the transformation from street racket to political actors in an exemplary way.[424]

The pattern of linear economic and political evolution of criminal groups is yet an oversimplification of the reality of organized crime in contemporary Russia. Already during Soviet times two different branches of organized crime could be distinguished. One branch, the society of the *vory v zakone,* exercised its control inside the penal system and established an extended network of professional criminals throughout the Soviet Union. The other branch, composed of an alliance of private entrepreneurs and party officials, concentrated on the flourishing black market. The first created a society of parallel power, the latter prospered in a symbiosis with the state. An even more complex picture emerged during the post-Soviet period, where parallel evolution led to different coexisting strands of organized crime.

Dzhem's criminal network, the Far Eastern *Obshchak* stands as an example for an organization of *vory* that continued to exist after the breakdown of the Soviet Union.

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[423] Volkov, *Violent Entrepreneurs*, 60.

[424] The transformation of the Uralmash crime group (*uralmashevskaya*) in Yekaterinburg into a political party (*OPS Uralmash*) at the end of the 1990s is another example of that development. See Vadim Volkov, "The Political Economy of Protection Rackets in the Past and in the Present," *Social Research* 67, 3 (2000), 740.

Even though adapted to the post-communist economic environment, Dzhem's group greatly relied on the traditional values of the Thieves' brotherhood. His authority as a 'crown bearer' in the Thief's world and his connections to a larger network of professional criminals helped him to establish a power dominion in the city of Komsomolsk-na-Amure – "This is my region, and I want order here."

Vladivostok presents here a different picture. Racketeering groups from the 1980s went into the legitimate business of protection services (Koval) and the new *sportsmeny* started to control street-markets and used-car businesses (Baul). Business oriented groups concentrated on the economic potential of cars, fish, and ships (Larion). Finally, a former *sportsmen* and *brigadir* wrestled successfully for political control and rose to the ranks of city mayor (Vinni-Pukh).

Russian crime groups are able to carry out a variety of functions. The economic functions of organized crime groups in the Russian Far East are apparent. Racketeering, protection services, and the illegal takeover of businesses present an important economic base for the involved groups. Nevertheless, the variety of their involvement in both licit and illicit activities redoubts the assertion that Russian organized crime is mostly a business of private protection. Extortion and racketeering can be only one step in a process of capital accumulation, leading to the acquisition of controlling shares in legitimate enterprises or to the creation of a monopoly in certain economic spheres.

Aside from the obvious economic occupation, criminal groups in the Russian Far East have a variety of social functions. As several biographies of gang leaders exemplify, their criminal career elevated them from the street racket to the world of big business. The rise to power presented those individuals with a ladder for social upward mobility. Although criminal leadership in Russia is a way for rapid social advancement, the rank-and-file members of criminal groups are mostly excluded from this social mobility when the leadership eventually legalizes their operations, a phenomenon Vadim Volkov addressed as "vertical disintegration"[425]

[425] Volkov, *Violent Entrepreneurs*, 124-125.

In addition, criminal gangs have also an integrative function for its members. With gang membership come prestige and street credit. Notions of masculinity find fertile grounds in youth gang culture.[426] The longing for respect in a social environment is not only confined to the foot soldiers of organized crime gangs. High ranking Italian "men of honor" have repeatedly stated the enhancement of prestige that came with joining the fraternity, for instance the Italian Mafiosi Marino Mannoia, "Do you know why I entered Cosa Nostra? Because before in Palermo I was Mr. Nobody. Afterward, wherever I went, heads lowered. And this for me was worth any price."[427] The Russian examples are not exceptions. The unique prestige of the *vory* in Komsomolsk-na-Amure, mentioned by members of the families close to the organization, attests to a similar function. Extended friendship networks and fictive kinship relations (godparenthood) underscore the social dimension of that particular criminal organization.

Another often ignored function of organized crime groups is the exercise of political power. Recent developments of organized crime groups in Vladivostok, as sketched above, illustrate the increase of political influence of individuals with a criminal past and their extended control of economic and political spheres. Political and economic interests merge in the hands of agile actors, like Vladimir Nikolaev a.k.a. Vinni-Pukh, a former *brigadir* in Vladivostok's underground who rose through the ranks of a criminal organization, became an influential businessman, and is now the elected mayor of the city.[428] Nikolaev's vita illustrates the successful switch from economic influence to effective political power.

Criminal groups constitute local systems of power and locality plays an important role in the formation of organized crime groups. The nucleus of many of Vladivostok's gangs and crime groups formed around neighborhoods or city districts. Subsequently this territoriality was replaced by an extended influence in vital sectors of the local economy,

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[426] Jan Koehler has shown the close connection between masculinity, youth gangs and organized crime in Georgia. See Jan Koehler, Die Zeit der Jungs (Münster: LIT Verlag, 2000).
[427] Cit. in Paoli, *Mafia Brotherhoods*, 152
[428] Similar intrusions of former criminal authorities into local politics had happened in other Russian cities; e.g. in Yekatarinburg, see Volkov, "The Political Economy of Protection Rackets in the Past and in the Present," 740, and in Novosibirsk, see "Criminal Authority Sentenced in Novosibirsk," *Russian Regional Report* 11, 9 (3 April 2006).

especially in the shipping and fishery industry. In Nikolaev's case, the control of local resources and the attempt to establish economic monopolies peaked in the political control of a whole city. This process shows that, although the economic function a necessary step, it is only secondary to the ultimate goal, which is political dominion.

This leads back to the *vory* of the prison camps. As mediators and ultimate judges, the *vory* of the Soviet penal system were first and foremost bearers of hegemonic power. Their strict reign inside the prisons constituted local systems of dominance, a parallel power structure with its own legal code and arbitrary courts. This hegemony was not restricted to the prisons, as the example of Komsomolsk-na-Amure and its shadow ruler Dzhem illustrate. Dzhem and his fellow *vory* had established quite openly an informal system of power in the city, a zone of informal order, partially replacing the judicial authority of the state. For instance, to collect an overdue personal dept one of my informants did not approach an arbitrary court, but rather sought the help of the brotherhood in retrieving his money. Although he had to pay a 50% fee on the sum in question, he preferred this immediate and fast solution, rather than dealing with a dysfunctional judicial system, which offers little hope in successfully resolving his case. Criminal authorities function is this case as mediators and power brokers and carry out a function that was stressed by Jane and Peter Schneider in the context of their research in southern Italy, "Broker capitalists control only marginal assets, their most significant resource being their networks of personal contacts."[429] Yet the case studies from the Russian Far East present a slightly different picture. The new broker capitalists of Vladivostok and Komsomolsk-na-Amure control much more than only marginal assets. The region and its resources offer organized crime groups valuable assets to back up their influence and power. Even more, the persistence and degree of influence of individual crime groups seems to be a result of a successful conversion of economic assets into political power. Dhzem stumbled over his role as the shadow power of Komsomolsk-na-Amure, Nikolaev ended as a victor, who successfully integrated his economic power into the established political system.

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[429] Schneider and Schneider, *Culture and Political Economy in Western Sicily*, 11.

These cases show clearly the multiplicity of functions organized crime groups can fulfil, both in a historic framework and in the context of contemporary Russia. What constitutes the core of these informal social formations? Letizia Paoli had defined the Mafia as an organization based on status and fraternization contracts that carry out a plurality of functions.[430] This definition seems to apply to the brotherhood of the vory-v-zakone and their post-Soviet successors. The new criminal authorities present a slightly different case. Formal fraternization contracts, like the oath of adherence to the Thieves' code, do not exist. Instead, notions of male friendship and territorial alliance seem to play an important role in the formation of racketeering and organized crime groups of the Russian Far East. At its local level, organized crime groups in contemporary Russia are alliances based on friendship, territory, and applied violence, which carry out a variety of social, economic and political functions. As several comments and biographies of criminal authorities in Vladivostok suggest, friendship represents a powerful bond and formative feature at the heart of post-Soviet criminal groups. For instance, the criminal authority Baulo spent his military service at the navy base Rakuchka. Sergei Darkin, the recent governor of Primorskii Krai was born in the neighboring village of Veselii Iar. According to Darkin, his friendship with Baulo already started back than: "I had been friends with Baulo since I was a youngster. He served in our submarine military base. It is nobody's fault that somebody turns out to be like this and another to be like that".[431] Friendship, kinship and patronage fuse in reciprocal protection arrangements. Baulo facilitated the roof for *Roliz*, Sergei Darkin's enterprise, by placing one of his relatives as the head of the company's security service.[432] This social intimacy becomes visible at the funeral. Photographs from Baulo's memorial service show Darkin as an intimate participant in the rite, close to the coffin. Marriage enforces the social bonds. Sergei Darkin married Karpov's widow, Larisa Beloprova, a famous actress at Vladivostok's Gorki Theatre, after his violent death, thus inheriting a major part of his business empire.

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[430] Paoli, *Mafia Brotherhoods*, 19.
[431] Luk'ianova, "*Dar'kin s Moria*".
[432] Ibid.

Patronage and long-term friendships constitute the core of licit and illicit networks alike and structure the foundations of political elite formations in the Russian Far East.

Organized crime in Russia constitutes a changing alliance between parallel power structures and the state. According to Ries, organized crime in Russia is best characterized as an interpenetrative network that is able to bridge between different social and economic spheres (e.g. criminals, the state, political power, or private business).[433] Janine Wedel has refined this argument and recognizes exactly the ability of these networks to "operate in, mediate, and blur different spheres" as part of their success and dominant prevalence in Eastern Europe after the breakdown of the Soviet Union.[434]

Political configurations and local resources play an important formative role in the structure of organized crime groups. Political power offers crime groups access to new economic niches and the chance to increase profits in certain sectors of the economy. For example, Nikolaev's move into politics correlated with a substantial increase in his company's fishing quota.[435] This is of course not a phenomenon restricted to contemporary Russia. Italy, for instance, had its unique alliances between mafia groupings and bearers of political power. The informal coalition between mafia structures and the Christian Democratic Party in Italy during the land reform in the 1950s, gave mafia groups access to new domains; e.g. administration of the land reform, the urban produce market, and new house construction.[436] Political configurations and local resources play an important formative role in the structure of organized crime groups. The relation to the state is essential to understand this phenomenon. In the Soviet

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[433] Nancy Ries follows here Katherine Verdery's argument of "invisible horizontal linkages" that are integral to market economies and which are equated with organized crime and morally questioned in the post-Soviet context. See Ries, "Honest Bandits and Warped People," 307.

[434] Janine R. Wedel, "Mafia without Malfeasance, Clans without Crime: The criminality conundrum in post-communist Europe," in *Crime's Power: Anthropologists and the ethnography of crime*, eds. Philip C. Parnell and Stephanie C. Kane (New York: Palgrave, 2003), 233. Joma Nazpary made a similar argument for post-Soviet Kazakhstan, when he argued that, "the emergence of the new private commerce underpinned the emergence and consolidation of the mafia. The mafia had a twofold relation with such commerce. First, they provided protection (*krysha*, protection) for protection fees. Second, they were among the shareholders and part of the new businesses." See Nazpary, *Post-Soviet Chaos*, 44.

[435] Dmitrii Markin, "Medvezhnii ugol dlia Vinni-Pukha," *Moskovskii Komsomolets*, 9 June 2004.

[436] See Jane C. Schneider and Peter T. Schneider, "Mafia, Antimafia, and the Plural Cultures of Sicily", *Cultural Anthropologist*, 46, 4 (2005), 501-20.

Union organized crime existed either in a secluded zone, such as the prison system, or was intrinsically intertwined with state structures, exemplified by the cooperation between party bureaucrats and black market entrepreneurs. The symbiotic coexistence ceased when the state collapsed. The mafia was part of the political structure during the Soviet Union. After the breakdown it developed into a counter structure, challenging the state's very monopolies. Currently, organized crime is reintegrating itself into the state. In that respect, Mafia-like organizations in Russia can be understood as multi-functional, violent, informal networks in a shifting alliance with the state that represent dynamic structures of state penetration and cooperation in form of protection arrangements.

Chapter 6 – The Social Organization of the Shadow: A conclusion

Who is strong when the state is weak? The preliminary answer underlying this dissertation was: shadow networks. In the preceding chapters I have approached this question and provisional answer from different angles, by illustrating and analyzing different shadow networks in the Russian Far East. In these analyses I was guided by the questions such as what shadow networks look like, of what elements they are composed, and what their social reality is. Describing the shadow raises methodological as well as theoretical problems. I have sketched several of them in the proceeding chapters, like emic and etic perspectives on organized crime, and theoretical debates on mafia structures, and various concepts of the border.

To distinguish the different shadow networks that I presented in the foregoing chapters and to explore at the same time the intrinsic relationship between commodity flows and economic actors, I present here an alternative view on informal economies, which is focused on relational ties that underlie social networks. Since the 1960s, social scientists studying complex societies searched for new ways to describe fluid social interactions. Social networking and the quality of social relationships moved into the center of attention.[437] Building on these debates, I apply in this context a minimal definition of social network, simply seeing it as a set of actors interconnected by social ties.[438] Social networking and social relationships are at the center of shadow economies. Alan Block proposed to view organized crime as a social system:

> [The social system of organized crime] refers, to the notion that organized crime is a phenomenon recognizable by reciprocal services performed by professional

[437] See for instance J. Clyde Mitchell, "The Concept and Use of Social Networks," in *Social Networks in Urban Situations: Analyses of personal relationships in Central African towns*, ed. J .C. Mitchell (Manchester: Manchester University Press, 1969), 1-50.

[438] I follow here Jefrey S. Mcillwain's minimal definition that, "social network refers to the set of actors and the ties among them." See Jefrey S. McIllwain, "Organized Crime: A social network approach," *Crime, Law & Social Change* 32 (1999), 305.

criminals, politicians, and clients. Organized crime is thus understood to lie in the relationships binding members of the underworld to upperworld institutions and individuals."[439]

Along a similar trajectory, I pursue here Jefrey McIllwain's social network approach to organized crime that emphasizes human relationships and networks, which underline organized criminal activities: "Human relationships form the least common denominator of organized crime. The actors composing these relationships engage in the process of social networking for the provision of illicit goods and services."[440] I extend here his argument and apply it to the described shadow economies – Chinese guilds at the beginning of the 20th century in the Ussuri region, ethnic entrepreneurs on the open-air markets of Vladivostok, Russian *chelnoki* participating in the Russian-Chinese cross-border trade, the criminal brotherhood of the *vory-v-zakone* in the Soviet penal system, and the new organized crime structures in the Russian Far East. I introduce in the following pages a comparative perspective on shadow networks addressing respectively for each of the described shadow economies the environments they are situated in, the type of commodity flow involved, the character of relational ties underlying the networks, and the participating key actors (See Table 6).

[439] Alan A. Block, *East Side – West Side: Organizing Crime in New York City, 1930-1950* (New Brunswick: Transaction, 1994), 10.
[440] McIllwain, "Organized Crime," 319.

Table 6: Shadow networks and relational ties

Shadow structures (shadow networks)	**Environments (social, physical, economic)**	**Commodity flow**	**Relational tie (Social networking) strategies**	**key actors**
Chinese guilds	Frontier	e.g. furs and other bio-resources (trading monopoly)	Guilds (*Hui fang*) hunting brigades (*Pao-tou*)	village elders (*da-je)* landlord (*zaitun*)
Ethnic entrepreneurs (illegal migrants)	Transnational labor migration	supply lines to home countries (labor migration)	Kinship ties	close kin *(brat, rodnoii brat, starshii brat)* relatives (*rodstvenniki*) fellow-countrymen (*zemliak*)
Shuttle trade	Borderland	e.g. apparel and other imported goods (cross border trade)	Economic networks (vertical mobility)	Hired shuttle traders (*pomagaiki, naemniki*), independent shuttle traders (*svobodnye*)
Organized crime *Vory* "New Mafia"	Prison camps Shadow state	Political and economic dominion e.g. fish, cars and control of other sectors of the economy	Brotherhood *obshchak* Patronage networks (male friendships) *brigada*	Thieves (*vory*), 'consuls' (*polozhenzy*) criminal authorities (*avtoritety*), brigade leaders (*brigadiry*), foot-soldiers (*byki, torbedy, boitsy*)

Chinese guilds – The Chinese guilds in the backcountry and cities of the Primore at the end of the 19th and at the beginning of the 20th century operated in a frontier zone of the Russian Empire. Officially granted to Russia, the areas to the left bank of the Amur and east of the Ussuri River were nevertheless partially under Chinese control, especially in the backcountry of the Sikhote-Alin where the influence of the Russian government was hardly felt.[441] As mentioned in Chapter Two, in the late 19th century guild-like societies, the so-called *Guan-i-Chuei* (citizen-kin society), established a political and economic hegemony in the region. In a combination of kinship ties and economic bonds, the guilds had essentially created a trading monopoly on furs and other resources of the taiga, commodities which they extracted from the local indigenous population. Up to their final destination in the Chinese market, the goods moved through the multi-level edifice of a trading guild. At the lowest level was the *pao-tou* (hunting federation), subdivided into individual units that arranged the harvest of fur animals or the collecting of ginseng. Statues, a law codex, and regular court meetings underscored the guild's organizational structure. *Da-je* (elders) played a central judicial role as jurors in resolving conflicts with native groups or with members of the federation. The *zaitun* functioned as district supervisor and at the same time fulfilled the role of a broker between the resources of his district and the larger trading society with headquarters in several cities of the Russian Far East (Vladivostok, Ussuri, and Khabarovsk). In addition, the landlord controlled the inflow of Chinese commodities into his district – i.e. flour, clothes, gunpowder, tea or alcohol, which were mainly used as trade objects with the indigenous population. The trading societies themselves were linked upwards to a trading house in mainland China (i.e. Shanghai, according to Arsenev's account), which represented the umbrella organization of the society.

Ethnic entrepreneurs – Ethnic entrepreneurs in the open-air markets of Vladivostok are part of transnational labor migration into contemporary Russia. As the example in Chapter Three illustrates, backward links to family members constitute important supply

[441] The Treaty of Aigun (1858) and the succeeding Treaty of Beijing (1860) included a statute that placed Chinese living on Russian territory under Chinese jurisdiction (see Chapter 2).

chains to the home country. Imported commodities, like the spices in the example of the network of Uzbek traders, move through networks that are organized along kinship lines. Kinship ties are also central to the organization and conduct of everyday trading activities. The example of the Uzbek brothers who ran several sales booths in Vladivostok's open-air markets showed that clearly. Yet affiliations and networks extend beyond the nuclear family. Extended family members as well as *zemliaki* (fellow-countrymen) were included to different degrees in the transactions of ethnic traders. I have shown how these ethnic networks give traders several advantages in terms of their business conduct. In addition, in the case of the Uzbek traders, close kinship cooperation reduced the apparent risks of working illegally in the market.

Shuttle traders – Shuttle traders and smugglers prosper on the opportunities of the Russian-Chinese borderland. As a two-way avenue, the cross-border trade includes both commodities imported from China (e.g. apparel, shoes, etc.) and contraband exported from Russia (e.g. ginseng, bear and tiger parts, etc.). Cross-border trade moves through networks of shuttle traders and smugglers incorporating individual *chelnoki* and wholesale dealers in different trade circuits. The proposed social perspective on various shadow networks that are involved in cross-border trade reveals significant differences amongst them. The characteristics of the underlying networks depend here on the specific form of cross-border trade: hired shuttle traders operate in groups assembled by wholesale dealers; independent shuttle traders rely on close family or friendship networks in their business; and smugglers are enmeshed in complex trade circuits with poachers and wholesalers. Different forms of cross-border trade can be distinguished according to the underlying social ties. In the first case, the *naemnye chelnoki* (hired shuttle traders), are temporarily assembled groups, bound together by the sole purpose of their journey, which is the transportation of goods for a wholesale dealer. *Svobodnye chelnoki* (independent shuttle traders) on the other hand, have to rely on more complex social networks for their informal import activities, incorporating family members in their individual businesses and establishing long-term social and economic ties to wholesale traders on both sides of the border. A special characteristic of the networks of

shuttle traders is the inherent mobility for individual cross-border traders, which allows for vertical economic advances.

Organized Crime – The social structures of organized crime networks present an even more complex picture. Seen from a social network approach, different branches of organized crime can be distinguished through time as well as in the present. As is the case with cross-border traders, a social network approach to organized crime structures reveals fine but nevertheless significant differences between various forms of organized crime. As indicated in Chapter Five, the society of the *vory-v-zakone* represents an organization based on status and formal fraternization contracts, a brotherhood with distinguishing insignias (i.e. tattoos) and a unifying moral codex. Internal order and hegemonic control over the prison zone's internal economy was an established goal that partially led to the rise of a parallel power inside the Soviet penal system. The brotherhoods were to a certain degree able to transfer their hegemonic influence over the prison camps' underworld into post-Soviet times, as the example of Dzhem, the shadow ruler of Komsomolsk-na-Amure, illustrated. Peculiar patterns of the group's social organization, like the *obshchak* (communal fund), were upheld.

The new 'violent entrepreneurs' that stepped onto the stage during the transition period after the breakdown of the Soviet Union present yet another picture from a social network perspective. Male friendships and territorial alliances, mostly based on neighborhood districts, characterize the social networks of the new Russian organized crime groups. While extortion and racketeering stood at the beginning of many of the described organized crime groups' economic activities, key resources of the Russian Far East, especially fish, and the monopolization of certain imports (i.e. used-cars from Japan) play an increasingly larger role. The territorial principle was hereby replaced by hegemonic influence over certain economic spheres. Contemporary organized crime groups in Vladivostok have tried to control the flow of goods in whole sectors of the economy. To control and partially monopolize these commodities, the various crime groups are based on the principle of individually operating cells, the *brigady*, which conduct the individual 'businesses' of an organization. The individual cells are kept

together by a hierarchical organization with an *avtoritet* (criminal authority) at its top. Not vested with the moral authority of a *vor*, those criminal authorities nevertheless exert control over the individual brigades, which are led by the *brigadiry* (brigade leaders) and incorporate the bulk of the foot-soldiers. In addition, political patronage plays an increasing role.

Commodities do not flow in vacuous space, neither do social networks exist independent of locality. As already outlined in the preceding chapter, organized crime has its own geography, from the spatial organization of neighborhood gangs to the transnational smuggling routes of Vladivostok's crime syndicates. The same can be said of the other illustrated shadow networks. The peculiar geography of Primorskii Krai has influenced the genesis and specific nature of the described economic shadow networks. The location of the region in a multi-national borderland and its proximity to the ocean play hereby a central role. Grossman has already pointed out the "geographic pattern" of the USSR's second economy.[442] Port cities like St. Petersburg or Odessa had been centers of illegal imports during Soviet times. The borderlands of the Caucasus region and Central Asia played an equally important role in black-market activities that were focused on foreign commodities. In a general sense, growth of shadow activities can be related to a greater permeability of borders.[443] Primorskii Krai is at the same time a politically peripheral and economically significant region, thus presenting an ideal environment for the creation of shadow economies. In the historic case of Chinese traders, the lack of state control in the geographically peripheral Far Eastern frontier created the background for the parallel non-state networks of trading guilds. The porous borders between Russia and China and the Central Asian successor states created transnational informal networks of commodity flows in various forms, like labor migration of ethnic entrepreneurs, shuttle trade, and the smuggling of bio-resources. Organized crime networks in the Russian Far East heavily specialize in border commodities, goods that become profitable trading commodities after they cross

[442] Grossman, "The 'Second Economy' of the USSR," 34.
[443] Ed Ayres, "Expanding Shadow Economy," *World Watch* 9, 4 (1996), 16.

international borders and value regimes (i.e. fish caught in Russian waters and exported to Japan, or the used-cars imported from Japan to the ports of Primorskii Krai). Although diverse in character, these shadow networks have one feature in common: they all thrive on the porosity of the border or profit from the political vacuum of the frontier. They represent emergent social and economic structures in the borderzone of a porous state.

The specific nature of a state has influence on the character of the shadow networks on its territory. State law creates its counterparts.[444] The relation of informal networks to the state is essential to understand this phenomenon, as Henner Hess had already observed in the early 1970s in Southern Italy:

> The chronic weakness of the state resulted in the emergence of self-help institutions and the exclusive power positions of informal groups made it impossible for the state to win the loyalty of the public, while its resultant weakness gain strengthened the family, the clientele and *mafioso* positions.[445]

Yet, by describing a favorable environment for informal groupings, the 'weak state theory' only partially explains the emergence of shadow networks. As mentioned above, the geography in which shadow networks flourish plays also a decisive role.

In addition, not only is the absence of state power or inaction of state institutions responsible for the creation of shadow networks. Rather actions undertaken by the state have a definitive effect on those networks too. Caroline Humphrey has hinted at the fact that the creation of cooperatives in the late Soviet period had a formative influence on the emergence of systematic racketeering, by introducing economic structures that were easy targets for criminal predation.[446] Analogous arguments can be made in respect to the other depicted shadow networks. The Treaty of Aigun, for instance, created a legal pretext for self-governed Chinese settlements on Russian soil. Likewise, Russian import

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[444] Josiah McC. Heyman and Alan Smart have argued that, "state law inevitably creates its counterparts, zones of ambiguity and outright illegality." See Josiah McC. Heyman and Alan Smart, "States and Illegal Practices: An overview," in *States and Illegal Practices*, ed. Josiah McC. Heyman (Oxford: Berg, 1999), 1.
[445] Henner Hess, *Mafia and Mafiosi*, 25.
[446] Humphrey, "Russian Protection Racket and the Appropriation of Law and Order," 223.

laws created the legal loophole, which could be exploited by shuttle-traders. Laws on private security services allowed for the armament of informal power groups and partially legalized racketeering. Instead of following along the lines of a weak state theory, concentrating on the institutional framework in which parallel structures thrive, I rather focus here on the relationship of different shadow networks to the state (see Table 7).

Table 7: Shadow networks and their relationship to the state

Shadow structures (shadow networks)	**Relationship to the state**
Chinese guilds	Parallel power
Ethnic entrepreneurs (illegal migrants)	Evasion and invisibility
Shuttle trade	Evasion and penetration of territorial hegemony
Organized crime *Vory* 'Party Mafia' 'New Mafia'	 Parallel power Symbiosis State penetration

Chinese trading guilds were characterized by their complete separation from the state. In the backcountry of the Sikhote-Alin they established a political and economic

system that was more or less independent from any influence of the Russian state. Only their forced and final dissolution after the Russian Revolution led to the disappearance of these shadow networks. Ethnic entrepreneurs on the other hand relate to the state in a more immediate way. Although their kin-based networks allow a certain degree of independence, they nevertheless have to confront state institutions, in the form of immigration police for instance, on an almost daily basis. Tax evasion among ethnic entrepreneurs is another widespread characteristic that defines the relation to the state. Thus the relational quality of ethnic entrepreneurs in the open-air markets to the state is avoidance and invisibility. Shuttle traders undermine in a comparable manner the state's monopoly on taxation. In addition, their systematic cross-border trade uses the porosity of the state border for private gain, thus penetrating the state's territorial hegemony. As shown in the preceding chapter, organized crime structures in Russia can be distinguished according to their varied relationships to the state. The society of the *vor-v-zakone* existed as a parallel structure to the state that established a dominion in the prison system, which was to a large extent independent from state power. On the other hand, the "Party Mafia" during Soviet times existed in close symbiosis with the state. In the form of a parasitic relationship to the state it subverted state mechanisms for personal gain. Organized crime groups after the breakdown of the Soviet Union developed first as a counter structure that challenged the state's monopolies on taxation and violence. Yet in recent times, especially obvious in the Vladivostok example, these organizations reintegrate themselves into the state through a penetration of formal economic and political structures.

In the form of parallel structures, shadow networks imitate formal state institutions, thus undermining and subverting the hegemony of the state. Alternative forms of taxation, protection, and banking partially replaced the state sanctioned institutions. The extent of autonomy and hegemony a shadow network can engross hinges on the degree of independence from the state. The almost complete separation of shadow networks from the state, the phenomenon I addressed here as parallel power, led to the creation of stable institutions. In both cases, Chinese trading guilds at the turn of the last century and

the society of the *vory-v-zakone* inside the Soviet penal system, led to the creation of shadow institutions that replaced and also imitated state institutions. The Chinese guilds as well as the Thieves' world were organizations based on a moral and judicial codex – in both written and oral form – that prescribed collective behavior and regulated punishment for trespassing the fraternities' laws. A whole judicial system of courts, judges, and jurors underscored those codices. The resemblance between the two parallel networks extends to the social layering of their internal structure. Both the Chinese guilds as well as the brotherhood of the *vory* were based on a pyramidal hierarchical social structure.

Despite the differences, the illustrated networks have one in common: They each represent social strategies that order economic activities in the shadow of the state – in the physical borderland of the Russian Far East and in the economic and political transitory stage of the post-Soviet era. Social relationships are at the center of those networks. I follow here Carolyn Nordstrom's observation that one of the core features of shadow networks is that they represent societal systems governed by social principles that cut across national, linguistic, and ethnic collectives.[447] Small social units constitute the centers of these networks. Regardless of the sometimes chaotic outward appearance of some of the described networks, like open-air markets or shuttle trading, shadow networks are well-organized social and economic structures. Ethnic traders organize their business around the members of an extended family and several of the described networks are based on a brigade or cell structure (e.g. *trepang* smugglers, organized crime networks in post-Soviet Russia, the travel groups of hired shuttle traders, and the Chinese hunting federation at the turn of the last century). As shown above, different social ties – fraternal contracts, kinship relationships, or simple, temporary economic bonds – underscore the basic social units.

I see the described shadow structures as dynamic social strategies that create their own regimes of order and stability in a social, political, and economic vacuum. Order and

[447] Nordstrom, *Shadows of War*, 107-109.

stability are achieved by informal and/or formal means. The inherent trust and simplicity of kinship relations among ethnic traders represent immediate forms of reliability, thus creating zones of order in the market. Formal ways of creating and maintaining stability are encountered among those networks, which I characterized as parallel power structures in relationship to the state: Both the Chinese trading guilds and the society of the *vory* relied on a law codex or behavioral code to maintain order among its members and create stability in their respective zone of influence (i.e. the valleys of the Sikhote-Alin or the prison camps of the Soviet penal system). The designation of *vor-v-zakone*, a thief inside the law, thus subordinated to the *zakon* (law) of the brotherhood, clearly refers to a compulsory parallel judicial system. In a similar way, Chinese trade organizations created their own laws and codes that were underscored by an extensive intelligence network and a private enforcement service to exercise control over native trading partners. The shadow dominion of Dzhem's organization in contemporary Komsomolsk-na-Amure exemplified yet another, although more informal, way of a shadow network that strived to establish order and stability. Vladimir Nikolaev's rise from underworld authority to political power presents a case where the rhetoric of law and order played an important role. Nikolaev engaged in his election campaign in the local media in a visible fight against the urban disorder of Vladivostok. Criticizing the incumbent mayor on a wide range of topics, from road conditions to the dire housing situation in Vladivostok, Nikolaev presented himself as a guarantor of order and stability in a time of chaos. After his inauguration as the city's mayor, he promptly started to encroach on several of Vladivostok's informal economic networks. On Nikolaev's orders, street prostitution was abolished almost overnight, the scales of vegetable traders in the open-air markets were verified, the muddled open-air market on Lugovaia Square was dissolved, and fraying ends of the Sportivnaia market were curtailed.

This example not only illustrates the interplay between different shadow networks, but also exemplifies the intrinsic dynamics of these structures. In the cases of open-air markets, shuttle trade, and organized crime, a general tendency of consolidation and legalization of informal structures can be observed: Open-air markets in Vladivostok

slowly but inevitably turn into shopping centers, shuttle trade is channeled into formal cross-border trading in form of joint-ventures or free-trading zones, and organized crime structures step into legal business and political co-determination. Underlying these processes is the change from an informal economic sphere to the formal economy. Yet this is not necessarily a new phenomenon. Already during Soviet times, alternative economic networks sprung up to supplement an inefficient centrally planned economy. The resilience of the second economy was partially a result of its interwoven relationship with the official political and economic elite, as Shelly pointed out, "The web of associations between the official and the unofficial economy, as well as the state-directed economy's need for the second economy ensures the perpetuation even in the face of numerous party orchestrated campaigns."[448] At the same time, the flexibility and adaptability of the second economy helped the formal Soviet economy to survive, as Grossmann noted: "It [second economy] keeps the wheels of production turning."[449] Thus the second economy partially played the role of an economic booster for the Soviet system. Similar can be said of the shadow networks of the transition period, which acted as incubators for the new capitalism that emerged in Russia after the breakdown of the Soviet Union.

The political and economic vacuum after the breakdown of the Soviet Union led to alternative networks. New forms of networking emerged as a response to the perceived chaos of the post-Soviet transition period. The core units of the shadow networks, consisting of strong social ties, made them resistant and adaptive at the same time. Small social units, like close-kin networks, *chelnoki* groups, or criminal brigades underscore those structures. In times of social and economic change, these units represent social reserves that have the ability to create order in the absence of a strong regulating state power. Shadow networks in the Russian Far East thrive on the specific characteristics of a borderland and are able to adapt with flexible strategies to newly emerging flows of commodities and people. The resilience of the described networks stems from their ability to penetrate and to some extent replace the functions of state institutions. Shadow

[448] Shelley, "The Second Economy in the Soviet Union," 23.
[449] Grossman, "The 'Second Economy' of the USSR," 40.

networks are adaptive social and economic strategies that arise in environments of state erosion and border porosity and represent successful social blueprints in a situation of rapid social and economic change.

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